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Iraqi Combat Craft Fly to Haven in Iran

The Superpowers, Citing Gulf War, Postpone Summit

By Thomas L. Friedman
New York Times Service

WASHINGTON — The United States and the Soviet Union announced Monday that their summit conference planned for next month in Moscow would be postponed due to the Gulf war and the fact that the two sides have been unable to conclude their treaty limiting long-range nuclear weapons.

Secretary of State James A. Baker 3d and the Soviet foreign minister, Alexander A. Bessmertnykh, making a joint announcement at the White House, said that the planned Feb. 11-13 meeting would be rescheduled for sometime in the "first half" of 1991.

The postponement marked the first time that a scheduled superpower summit conference has been put off since 1960, when Moscow canceled a meeting between Nikita S. Khrushchev and President Dwight D. Eisenhower after an American U-2 spy plane was shot down over the Soviet Union and its pilot, Francis Gary Powers, was captured.

Although the two ministers presented the postponement as a mutual decision based largely on the lagging pace of arms control negotiations and President George Bush's reluctance to be abroad for three days during the Gulf war, the reality is more complex.

The postponement was requested by the United States and was driven largely, but not exclusively, by the Bush administration's reluctance to be appearing to embrace President Mikhail S. Gorbachev at a time when the Kremlin is involved in a violent crackdown on pro-independence demonstrators in the Baltic republics.

Mr. Bush was warned last week by leading Republican senators and congressmen that a trip to Moscow now would be widely opposed on Capitol Hill, and the White House apparently did not want to open up a second foreign policy dispute at a time when there is already mounting domestic opposition to the Gulf war.

At the same time, though, the Bush administration clearly did not want to undermine or embarrass Mr. Gorbachev by unilaterally canceling the meeting.

Officials said that Mr. Bessmertnykh had warned Mr. Baker that such a move would only strengthen the hand of Moscow conservatives, who would argue that since relations with Washington were already sour, the Kremlin could proceed full force with its repression of the Baltic independence movements.

Indeed, neither the joint statement read after Mr. Bessmertnykh had a meeting with Mr. Bush, nor Mr. Baker's additional remarks, gave any hint that the summit meeting was being postponed because of Soviet behavior in the Baltics.

"The Gulf war makes it inappropriate for President Bush to be away from Washington," Mr. Baker said. "In addition, work on the START treaty will require some additional time." START is an acronym for Strategic Arms Reduction Talks.

It might have been only coincidence, or it might have been a trade-off, but Mr. Baker muted any criticism of Soviet policy in the Baltics and Mr. Bessmertnykh played down his earlier criticism of some aspects of U.S. policy in the Gulf war.

Pressed by reporters to react to the Baltic crackdown, Mr. Baker said that Mr. Gorbachev was "wrestling with a number of problems" and was "coping with them to the best of his ability." On the Gulf, Mr. Bessmertnykh said that Moscow and Washington were "acting together" against Iraq under United Nations Security Council resolutions.

Hussein Vows to Use Any Means to Win

International Herald Tribune

President Saddam Hussein of Iraq said Monday that he had "not one doubt in a million" of Iraqi victory in the Gulf war, and hinted that he would use "unconventional" weapons if necessary to "equate" his forces with the allied armies facing his country.

He claimed that Iraq's missiles have the capability to deliver nuclear, chemical and biological weapons.

In an interview with Peter Arnett of CNN, Mr. Hussein said he had sent his aircraft to Iran because it was a fellow Islamic country and would support Iraq "in a battle between faith and the infidel." He said it was only natural that Iraqi aircraft should fly to Iran and added that Iraq would respect the wishes of Iran in the future disposition of the planes.

Mr. Hussein defended the dumping of oil into the Gulf. He said that Iraqi commanders had the right to use any means available in self-defense, including the oil weapon.

Mr. Arnett quoted the Iraqi leader as saying: "The United States has used oil as a weapon by attacking Iraqi installations. If field commanders use oil in defense, they will be justified in their actions. The future will show which one is responsible."

Asked how long he thought the war might last, Mr. Arnett said, Mr. Hussein replied, "God only knows." But he predicted, "Iraq will win the admiration of the world."

He said he had not even "one doubt in a million" that Iraq might lose the war.

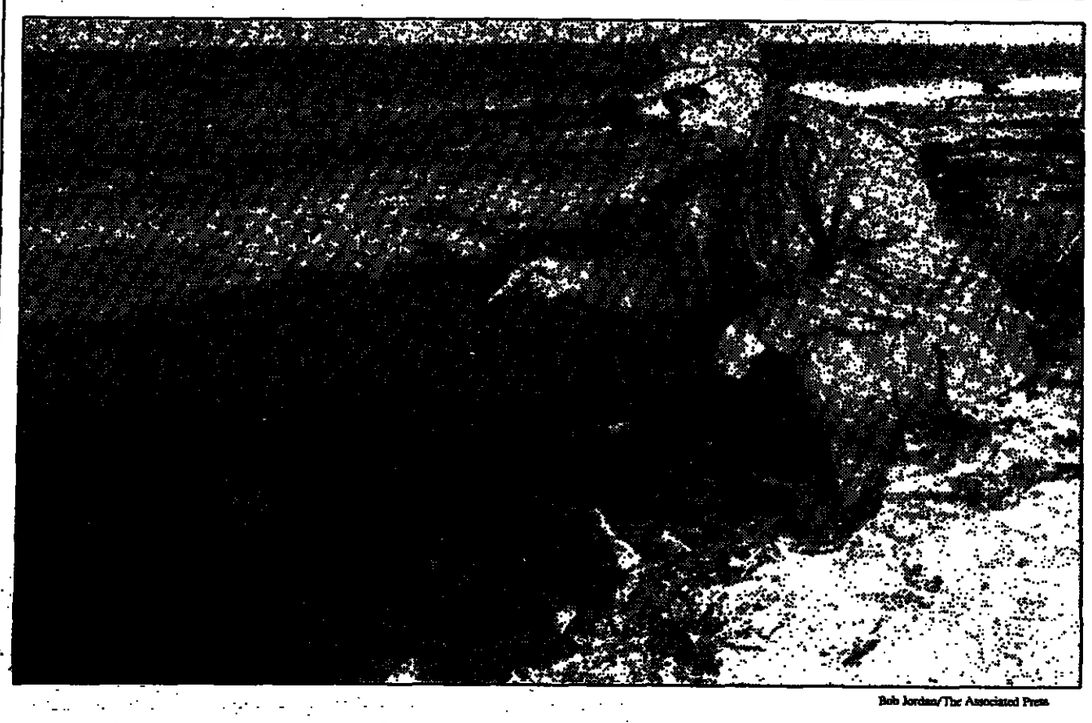
Mr. Arnett quoted the Iraqi leader as saying he that regretted having released Western hostages last year and asking whether President George Bush would have bombed Baghdad if the hostages were still there.

Mr. Hussein defended his decision to use captured pilots as human shields at strategic sites, saying that there was no difference between this and what he called the internment of Iraqi students and Arabs of Iraqi descent in Western countries.

"Does the Geneva convention allow Iraqi students to be imprisoned in the West?" he said.

Mr. Hussein said Iraq had maintained its position using only conventional means, and added that he prayed he was not forced to escalate the war by using nonconventional weapons. But if necessary, he said, Iraq would use weapons that would equate with the weapons used against it.

Mr. Arnett, the only Western reporter still broadcasting from Baghdad, said he had conducted the interview, the first with the Iraqi president since the war began, in a bungalow that he believed was in the Baghdad suburbs. He said that Mr. Hussein, dressed "impeccably in a blue suit and pretty tie," had appeared relaxed.



Bob Jordan/The Associated Press

U.S. Says Bombing Raids Reduced Flow to Giant Oil Slick

A Saudi man inspecting a pool of oil on a beach north of Khafji, Saudi Arabia, on Monday. American officials said the U.S. bombing of an offshore Kuwaiti oil terminal dramatically reduced the flow of crude oil feeding the huge slick in the Gulf. Tons of salvage material and several foreign experts were being rushed to the region to start cleaning up the slick. Page 8.

By Joseph Fitchett
International Herald Tribune

PARIS — Dozens of Iraqi combat planes, ranging from advanced MiG-29s to airliners, flew out of the country on Monday and landed in Iran, apparently removing almost 10 percent of the Iraqi Air Force from the war.

As the number of flights continued to swell, British military sources said that more than 100 Iraqi planes went to Iran in what seemed to be a bid by President Saddam Hussein to save part of his air force from being destroyed by allied bombardment.

A U.S. spokesman could confirm only that 80 planes had landed in Iran, including 60 fighters and bombers and 20 military and civilian aircraft.

"It could be a plan to save those aircraft for some other time," Lieutenant General Thomas W. Kelly said at a Pentagon briefing in Washington. He added that he could not speculate on what arrangements the Baghdad authorities may have made with Iran.

Iran's ambassador to the United Nations, Kamal Kharrazi, said in New York, "I don't know what is the intention of Iraqis but it seems that some of the Iraqis, Iraqi pilots, are going to save their lives and airplanes."

Mr. Kharrazi reiterated that the aircraft would be held by Iran until the hostilities had ended. He said the pilots would also be detained in Iran.

Pete Williams, a Defense Department spokesman, said later, "We have to take the Iranians at face value on what they say — that the planes will be confiscated until after the war."

Some Iraqi planes were landing on highways after taking off and others were taking off from Iraqi air bases from land adjoining the runways, he said.

General Kelly said that military intelligence had no reason to suspect that Iran might be used as a base for attack against allied forces by the Iraqi aircraft, but he added, "If those aircraft came up from Iran to attack the U.S. force, we would deal with them."

"We don't know who's in the airplanes," or what their motivation is, General Kelly said, but the fighters and bombers were "top-of-the-line aircraft that they are trying to save."

Coalition governments said they were pressing Iran to guarantee that it would maintain its policy of neutrality and intern Iraqi warplanes and pilots so that they could not re-enter the war.

Admitting that they were baffled about its exact purpose, allied officials interpreted the exodus as a growing realization in Baghdad that the Iraqi armed forces were facing destruction. In a similar maneuver during the 1973 Arab-Israeli war, Iraq moved part of its warplanes out of harm's way to Jordan, exposing Iraqi ground forces to Israeli air strikes.

Allied officials said that this time Mr. Hussein might be hoping that the arrival of the warplanes in Iran might somehow embroil Tehran in the fighting against the U.S.-led coalition, or at least safeguard air power to be recovered if the Iraqi regime survived the war.

Iran was likely to keep the Iraqi planes during the rest of the war, the officials said, and then use them in negotiating postwar arrangements with the government in Baghdad.

Aside from the longer-term political implications, allied military commanders cheered the departure of Iraqi warplanes.

"Each one is one less for us to engage in combat," Brigadier General Pat M. Stevens 4th said at a news conference in Saudi Arabia.

A British officer in London said, "All we know is that they are clearly out of the conflict."

The scale of the evacuation to Iran was much too large to be caused by Iraqi pilots defecting, officials said. The different types of aircraft involved — ranging from the MiG-29s and Mirage F-1s that are Iraq's top-line fighters to passenger planes — could not be explained simply by pilots seizing a chance to get away.

In some cases, the fighter planes were escorting military tankers and transport planes to the border, apparently to defend them until they were safely in Iranian airspace, French military sources said. The escort planes then returned to Iraq.

Fleeing Iraqi warplanes were not being intercepted and destroyed by U.S. and other allied combat planes because most of the planes made only short trips across the border from small airfields in northern Iraq, military sources said in Paris.

Many Iraqi airplanes were dispersed, prior to the outbreak of hostilities, away from major air bases to scattered sites in northern Iraq where they would be more removed from U.S. air power off southern Iraq.

Despite their clear superiority, officials explained, U.S. fighters were not constantly patrolling the length and breadth of Iraq.

U.S. fighters based in Turkey frequently fly over northern Iraq, but they are accompanying bombers, not looking for aerial combat with escaping Iraqi planes, military sources said.

Of its original force of about 750 planes, Iraq has lost 50 aircraft, including 26 in aerial combat, U.S. officials said.

Although most of Baghdad's air power therefore has remained intact, a U.S. official said, "it has become a wasting asset as our planes continue pounding at their hideaways and runways."

The White House spokesman, Marlin Fitzwater, said in Washington that Iraqi leaders had apparently ordered planes to seek refuge in Iran "in the hopes that they

See PLANES, Page 8

More Scuds Fired as Israel Seeks U.S. Go-Ahead to Attack

By Jackson Diehl
Washington Post Service

TEL AVIV — Iraq launched another Scud missile attack against Israel on Monday night, and sources said the government was pressing the United States to allow Israeli forces to carry out an operation against Iraq that has been planned by the military command here.

The Israeli Army said that no one had been injured in the latest missile volley, the seventh to be fired at Israel in the last 11 nights.

Official sources said that one Iraqi Scud, which may have been defective, landed in a field several miles east of Tel Aviv. The army said that no Patriot air defense missiles had been fired, possibly because no Scuds came within their range.

Witnesses were quoted by Reuters as saying that missile fragments had fallen on Palestinian communities in the occupied West Bank, but that no one was hurt. The army, to avoid helping Iraq aim at future targets, barred publication of the exact site where the missile fell. Palestinians in parts of the West Bank were among the last to be told they could remove gas masks, while search crews confirmed that the missile had a conventional warhead.

[In Riyadh, Patriot missiles knocked out an incoming Scud late Monday, raining bits of wreckage on a private vegetable farm on the outskirts of the Saudi capital, The Associated Press reported. It was the 16th Scud fired toward Riyadh since the war began. All have been intercepted and destroyed or damaged by the Patriot defense system.]

Prime Minister Yitzhak Shamir declared earlier Monday that Israel would not launch military retaliation against Iraq without U.S. consent.

"Israel is not interested in doing anything that won't be useful, that will not be of use in reducing the dangers facing us," Mr. Shamir told the parliament. "Therefore we will do everything under the existing circumstances, in coordination with the United States."

The United States has urged Israel to stay out of the war and has, according to some reports, at times withheld intelligence information, such as aircraft identification codes, that Israeli planes would need to act over Iraq in concert with U.S. forces.

Senior Israeli officials said last week that they were willing to let allied forces battle the missile threat in Iraq, and the Israeli chief of staff, Lieutenant General Dan Shomron, said that it was "mistaken" to believe that Israel could quickly take care of the threat itself.

But continuing Scud attacks have convinced Israeli officials that Israel should try to launch an operation of its own against Iraq to stop — or at least deter — further missile attacks, sources said.

One reason Israel is giving for the urgency of sending its forces into action are concerns that Iraq

See ISRAEL, Page 8

Iraqi War Machine Seems to Weather Desert Storm

By Bob Woodward
Washington Post Service

WASHINGTON — Initial U.S. assessments of damage done by the first 10 days of allied bombing attacks against Iraq and Kuwait indicate that despite many successes, important parts of Saddam Hussein's war machine have not yet been significantly hurt, according to well-placed officials.

The Pentagon is not releasing details of these damage assessments because officials consider them "soft" and subject to daily changes, and because they are concerned that the first assessments might suggest incorrectly that the air campaign is not going well. But these details were being given to senior government officials in briefings during the last three days:

- About 65 percent of the Iraqi airfields are still operational, though last week the Pentagon said 100 percent had been "neutralized" by air strikes or because U.S. air superiority was keeping the Iraqi planes on the ground.
- Nearly all of Iraq's air defense radar was taken out in the first week of the war, but about 20 percent of it is now back in operation. The Iraqis are now using mobile radar units and have taken old radars out of storage.
- As of Friday only eight of Iraq's 30 fixed Scud missile launchers had been damaged enough to fully disable them.

Officials believe that some of the mobile Scud missile launchers also have been hit, but U.S. intelligence has not produced proof of that.

"There is not one picture of the carcass of a mobile Scud launcher," an official said.

- Mr. Hussein has been able to maintain communications with his forces through a sophisticated network of command posts, some of them mobile, that use remotely placed antennas located far from his physical location so he cannot be pinpointed.

"It turns out he has one of the most robust and redundant and modern communications systems in the world," an official said.

A senior official said that the air attacks on the Iraqi communications systems were forcing Mr. Hussein to use less reliable means of communication, and that the attack plan on his command network was proceeding on schedule.

- Iraq's capability to develop and produce nuclear weapons has been destroyed; about 50 percent of the country's capacity to manufacture chemical and biological weapons has been destroyed.
- Most Iraqi supply lines have been largely unaffected by the bombing so far, allowing food and ammunition to reach troops in the field. Supply lines have not yet been a top-priority target.

"The simple fact is we do not have that many airplanes when targets are divided into the half-dozen major target groups," one official said.

- The Iraqis have demonstrated

See DAMAGE, Page 8

Debriefing: Day 12

Sorties
- More than 25,000 allied air missions flown since war began, including more than 2,500 Monday.
- 53 Iraqi Scud missiles fired, 27 at Saudi Arabia and 26 at Israel. A Scud was intercepted Monday over Riyadh, and parts of another fell in areas of the occupied West Bank without causing casualties.

Losses
- 25 allied planes lost in combat. A U.S. Marine Corps Harrier lost Monday was the first allied plane to go down in almost three days.
- 50 Iraqi planes destroyed. At least 80 Iraqi planes, including more than 60 fighters and bombers and more than 20 transports, have flown to Iran since the start of the war, including perhaps 40 Monday.
- 1 allied serviceman dead, 30 servicemen missing in action, including the Harrier pilot lost Monday.
- 7 Americans formally classified as POWs on Monday.
- About 110 Iraqis taken prisoner.
- 4 Israeli civilians killed and 204 injured in Iraqi missile attacks. 12 Saudi civilians injured as Patriot missiles destroyed incoming Scuds.

Iraqi Claims
- 203 allied aircraft downed, including both planes and missiles. Three were reported to have been destroyed Monday. Iraq now often refers to action against "air targets" without further detail.
- 90 Iraqi soldiers killed; 324 Iraqi civilians killed, 416 injured. Civilian toll was revised dramatically upward in letter to UN.
- More than 20 allied prisoners.

Terrorism
- 29 attacks on U.S., British, French, Saudi and Egyptian targets throughout the world since the war began.

War in the Gulf

Crews of the Patriot batteries are proving to be aces at ambushing incoming missiles. Page 3.

Japan faces a moment of truth in the post-Cold War world. Page 7.

Kiosk

Bombs Rock Athens a 2d Night

ATHENS (Reuters) — Bombs exploded Tuesday near the Israeli Embassy and the offices of British Petroleum, rocking Athens for the second consecutive night, the police said.

The police said that there was property damage but no injuries, and that they thought the attacks were linked to the Gulf war.

A rocket grenade wrecked the American Express offices Monday night, and a bomb exploded outside the Greek-owned Inter-American insurance company.

Earlier article, Page 3

The Ball Went Wide, and the Giants Won

Under pall of war and threat of terrorism, the most evenly played of Super Bowls ended with the New York Giants beating the Buffalo Bills, 20-19, when a field goal kick went wide with four seconds left to play. (Page 17)

Crossword Page 8. *Weather* Page 2.

Gold NY spot	Oil W Texas NYME	The Dollar in New York		Dow Close
Up $0.80	$21.07	DM	1.488	2,654.46
$376.75	Down $0.28	Pound	1.985	Down 4.95
		Yen	131.72	
		FF	5.0545	

Hussein: As Bad as His Word

Iraqi Telegraphs His Punches, Then Follows Through

By Mark Fineman
Los Angeles Times Service

AMMAN — Saddam Hussein already has distributed chemical weapons to frontline troops in Kuwait and plans to bombard allied personnel with artillery firing poison gas soon after a ground war begins.

Iraq will also unleash kamikaze pilots. Armed with incendiary bombs, some of them will try to strike the largest Saudi Arabian oil fields while others will make suicide runs against Israel in Su-24 bombers equipped with chemical bombs.

In the meantime Iraq's huge military force, most of which remains intact, will hunker down and wait for the real war to begin.

The source for all of the above: the Iraqi president himself.

Nearly two weeks into the Gulf war, Middle East analysts, diplomats and statesmen who know him best said that Mr. Hussein had emerged as the most accurate source for indicating his own battle plan.

Since the war began, said Crown Prince Hassan of Jordan, an acquaintance and sympathetic neighbor of the Iraqi leader, Mr. Hussein has done "what he said he would do — attack Israel, blow up the oil wells."

"I mean, everything he said he is going to do, he has done."

One thing that Mr. Hussein is not going to do, the prince said, is surrender.

"It would be totally dishonorable of him as the leader of the Iraqi people in the middle of all this to say, 'Look, I have led my country over this past crucial five months, talks have broken down, I have been attacked by the most massive military attack in history and now I'm going to raise a white flag,'" the prince said. "It just doesn't work that way."

Mr. Hussein said in a speech to troops on the southern front late last week that Iraq's material losses already were so great that he must now fight to the end.

A senior Western diplomat who spent most of the five-month gulf crisis in Baghdad said, "No one can really get inside Saddam's head. He is the most enigmatic and fiercely secretive man in the

See LISTEN, Page 6

Dennis Cook/The Associated Press

Assessment: "We do not seek the destruction of Iraq. We have respect for the people of Iraq, for the importance of Iraq in the region."
— *President George Bush*

EEN
CATHAY PACIFIC

Judging Movement of History in Vietnam by Its Flotsam

By Steven Erlanger
New York Times Service

HO CHI MINH CITY — In the archeology of discarded foreign influence in Vietnam, Soviet artifacts now sit atop the multilayered trash heap of history. But the fascination with America, if it ever disappeared, is re-emerging.

Jean Nguyen Khac Doan is one of this still-sophisticated city's best gauges of fashion, selling and recycling the detritus of foreigners. A northern-born Roman Catholic who speaks excellent French, he moved to the south in 1951. He was a teacher, then served in the South Vietnamese Army as a political officer, learning a working English. Russian, he says, he never took the time to learn.

In some ways, it did not matter. The Russians, military and civilian advisers both, never had very much to sell or barter. But what they did have, especially caviar and the suddenly modish wristwatches of Soviet officers, are among best-selling items in the city that used to be Saigon.

Mr. Doan's shop — just off Dong Khoi, the old Tu Do in the American time, and Rue Catinat for the French — is a way to see the movement of history, or at least its flotsam.

At a quick glance, it is a sort of junk shop: clocks and watches, silver and crystal, old pens and cameras and books in many languages, Buddhas and Khmer heads (almost assuredly fake), a few of Vietnam's inescapable porcelain elephants and an ever ready pot of tea.

But there is a sort of order. What the Russians are now leaving behind has pushed back what the Americans left, as much of what the French left before them is relegated to a back room.

Mr. Doan's wife, Madeleine Huynh Thi Thuan, works with him and their two remaining children. A daughter died of an asthma attack, in part because of inadequate medical care; their eldest son disappeared at sea in 1982, after fleeing by boat to seek resettlement in the West.

"Every family in the south of Vietnam has been touched, has one or two who have died at sea, who have disappeared, or were in jail," Mr. Doan said. Now 53, he spent 2 years and 2 months in a re-education camp after 1975 and tried numerous times to escape by boat. "But each time I was betrayed," he said. "Finally, I had only enough money to send my son."

The hard hand of the Communist government has loosened considerably here since the first few years after South Vietnam fell, he says. Private enterprise is encouraged. Crackdowns are intermittent, of course, particularly after the collapse of communism in Eastern Europe. But mostly, the police now leave people like Mr. Doan alone.

He caters both to Vietnamese, with treasures to sell or money to buy, and to foreigners looking for an unusual souvenir. Sometimes, he says, they are seeking to purchase the past.

An American veteran comes in, looking for the night-vision binoculars he remembers. He nearly buys a French officer's saber for $70. A German journalist examines an old Rolleiflex camera. A French banker arrives to pick up a heavy, round, 24-hour clock the Americans used on their patrol boats. Repaired by Mr. Doan and his staff and often mounted in wooden boxes, the clocks are very popular, as are the smaller ones pulled out of U.S. helicopters.

"I discovered this market a year ago," Mr. Doan said, and he has since sold more than 50 clocks.

Old Swiss watches, especially Rolexes, are very popular, too, but more scarce. Fakes are proliferating, Mr. Doan says, with some of the best now made in China and Vietnam. Many of the Rolexes for sale — about $400 for steel, $700 for steel and gold, and about $2,000 for solid gold — never belonged to Americans at all, he says, but to Vietnamese who had Americans buy them at the PX and who now need the money.

Ah, but Soviet watches — "these are one of the best things to sell," Mr. Doan said. "They're not beautiful, and they're heavy, but they are good watches and cheap, with many decorations. And they are the fashion now in Europe."

Soviet Army officers' watches are particularly prized, bearing a star. Naval officers' watches have a blue face and an anchor. Tank officers' watches display a tank. "Americans like these a lot," said Mr. Doan, who has sold more than 300 of them at prices ranging from $5 to $30. "They make good Christmas presents."

Russian caviar, too, sells well, but with fewer Soviet advisers here the price has doubled in a year. A 95-gram tin of pasteurized Beluga is now $15, while a 600-gram tin is $80, but hard to find. At the moment, there is a 1.5 kilogram (3.3 pound) tin of fresh caviar for $120. Most of the stock now originates with Aeroflot pilots.

"Just watches and caviar," Mr. Doan says. "There's nothing else Russian that people want."

China Vows Well-Being But Is Quiet on Politics

Compiled by Our Staff From Dispatches

BEIJING — The Communist Party promised China's people material well-being Monday, but extended no hope of political change.

Publishing the first details of its recently approved economic blueprint for the 1990s, the party said the plans were intended to improve "people's living standards from just having enough to eat and wear to a state of leading a fairly comfortable life."

Diplomats said that details in the latest 5-year economic plan and 10-year development plan offered no hint that the political system would change, even though Chinese were promised continuing "political structural reform."

"This is nothing more than a way of saying they will tinker with the system to try to make it more efficient, but it does not alter the power of the party one iota," a Western diplomat said.

The language of the plans held firm to the doctrine of Communist supremacy and reliance on "Marxism-Leninism and Mao Zedong thought as guidance."

The plans were approved at a meeting of the party's Central Committee at the end of last year and were released on Monday.

They stated that the value of all goods and services or gross national product in China, the world's most populous nation, should grow at about 6 percent a year. By the year 2000, GNP will be four times that of 1980, they predicted.

Other diplomats said it might be difficult for Beijing to deliver on the economic promise because the 5- and 10-year plans showed many internal contradictions.

For example, the plans said "price reform should proceed in an active and prudent way." The government would maintain control of the prices of key commodities and let the market set the cost of many consumer goods.

"That choice of words is a clear signal they are not of one mind," said a Western specialist on China's economy. "It's obvious they had two groups of people, reformists and conservatives, sitting on opposite sides of a room and screaming at each other until something from everybody got included."

"They say they want a market-based system within a socialist planned commodity economy," he added. "That's contradictory and impossible, and everything about the plan falls out from there."

"At some point they're going to have to bring themselves to take the big leap into a true market economy, but they're not ready yet."
(Reuters, UPI)

Anger Rises Against Soviet Army Patrols

Wojtek Dunzez/Agence France-Presse
Soviet soldiers standing guard Monday in front of the Lithuanian radio building in Vilnius.

Lithuanian Warns of Dictatorship

Compiled by Our Staff From Dispatches

VILNIUS, Lithuania — President Vytautas Landsbergis of Lithuania on Monday denounced as "creeping dictatorship" the Kremlin's plan to introduce military patrols in large Soviet cities.

The deputy mayor of Moscow, Sergei B. Stankevich, said there that city officials also opposed the move. "It is an unprecedented order," Mr. Stankevich said at a press conference. "Practically, it will change the political order by introducing elements of a state of emergency."

Mr. Stankevich said that the Moscow City Council had asked the Russian parliament to look into the legality of the decree, which was signed by Defense Minister Dmitri T. Yazov and Interior Minister Boris K. Pugo.

The decree, which takes effect Friday, provides for joint army and police patrols, backed by armored vehicles, "in cases of demonstrations, important political happenings or at weekends and during holidays, if necessary."

The Lithuanian parliament adopted a resolution saying that the implementation of the decree would "constitute an aggression by the U.S.S.R. against Lithuania." It called on the international community to "stop the Soviet military aggression and dictatorship."

Leaders of Latvia and Estonia, the two other Baltic republics, have also attacked the plan.

The recent crackdown in the Baltic republics, where separatist support is high, has raised doubts in the Soviet Union and abroad about the durability of the political changes associated with President Mikhail S. Gorbachev.

Pressure has mounted in the United States for some political reaction to the recent trend by the Soviet authorities toward repression.

There were signs in Germany, where Mr. Gorbachev has had the benefit of almost every doubt, of weakening sympathy for the Soviet leader. A poll published in the weekly Der Spiegel on Monday showed that 65 percent of Germans asked did not believe Mr. Gorbachev's assertion that he learned only afterward of the Soviet military intervention in Vilnius earlier this month, in which at least 15 people were killed.

Another symptom of changing Western attitudes was a statement by the Finnish interior minister, Jarmo Rantanen, on Sunday that Finland could offer refuge to men in the Baltic republics who flee to avoid military service.

The Soviet Foreign Ministry spokesman, Vitali I. Churkin, said on U.S. television Monday that things were "getting out of hand" in the Baltics.

"It is the desire of the central government, the president, to work out the situation politically," Mr. Churkin said.

But there was more military confrontation in Lithuania. A spokesmen for the republic said Monday that Soviet Interior Ministry troops had seized two customs posts on the border with Byelorussia.

The elite troops, known as "black berets," fired shots into the air and beat up one of three Lithuanian customs officers Sunday at a post near the town of Medininkai, the Lithuanian parliament press service said.

More than 500 police officers in Riga, the Latvian capital, jammed a university auditorium Monday for a four-hour meeting with the republic's leaders, including Interior Minister Alois Vaznis and President Anatolijs Gorbunovs.

The police — mostly ethnic Russians, Ukrainians and Byelorussians — whistled and booted when Mr. Vaznis said he had tried to depoliticize the police force, which is part of the Interior Ministry. They called for his resignation.

The raucous meeting showed a sharp split between policemen supporting Latvia's separatist government and those loyal to the national government in Moscow and the hard-line branch of the Communist Party in Riga. *(Reuters, AP, AFP)*

With Mandela and Buthelezi to Meet, Aides Play Down Quick End to Strife

Compiled by Our Staff From Dispatches

JOHANNESBURG — Nelson Mandela and Mangosuthu Buthelezi, rival leaders of South Africa's biggest anti-apartheid movements, will meet Tuesday to try to end the war between their supporters.

It will be the first meeting in 30 years between Mr. Mandela, deputy president of the African National Congress, and Chief Buthelezi, the Zulu who leads the Inkatha Freedom Party.

Factional fighting between the ANC and Inkatha has claimed an estimated 5,000 lives since 1987, the bloodiest period in modern South African history.

The violence is one of the biggest obstacles to President Frederik W. de Klerk's plans to end apartheid and grant national political power to South Africa's black majority.

Mr. Mandela, freed from prison in February, and Chief Buthelezi have vowed to seek peace, although officials have played down hopes for a quick settlement.

The two men became friends in the 1940s, and Chief Buthelezi was once an ANC member.

But when the previously outlawed ANC organized mass protests and began a guerrilla campaign to end white-minority rule, Chief Buthelezi took more moderate positions. His Inkatha movement urged nonviolent resistance to apartheid and he also became leader of the Zulu tribal homeland. Many black activists have accused him of collaborating with the white-led government.

As the ANC called for a socialist-oriented system to redistribute wealth to the black majority, Inkatha urged a capitalist economy. When the ANC in December reiterated its support for other countries to maintain sanctions against South Africa's government, Inkatha repeated its stance that sanctions hurt poor blacks as much as it did the white government.

Besides ideological differences, the two factions are also split by centuries-old tribal divisions. Inkatha is composed of Zulus, South Africa's largest tribe. Many senior ANC leaders and followers are drawn from the rival Xhosa community, although the organization has support throughout the country and across tribal lines.

Now that a meeting is finally going to take place, both sides agree on the need to avoid overoptimism.

"As far as I envisage," the meeting will be "a contribution toward the lessening of violence," but will not stop the violence, said an Inkatha official, Themba Khoza.

"It's one thing for the leaders to meet and shake hands, another to transfer the reconciliation down to grass-roots level," said an ANC spokesman, Saki Macazoma.

Chief Buthelezi told a weekend rally of his supporters that he hoped the meeting, to be held in Durban, would lead to peace between the two organizations.

"I am going there to ring the bells of victory, of peace, against war and revolution," he said.

Mr. de Klerk, who is expected to announce the abolition of most remaining apartheid laws at the state opening of Parliament in Cape Town on Friday, needs a truce between the two factions to get them to the constitutional negotiating table. *(Reuters, AP)*

WORLD BRIEFS

Pyongyang Warns U.S. and Seoul

TOKYO (AP) — North Korea said Monday that planned U.S.-South Korean military exercises threaten reunification talks and might touch off a war. Pyongyang demanded the cancellation of the "Team Spirit '91" exercises that were to begin this week.

A statement issued by the Korean Central News Agency said that "reckless provocation" during the exercises might "start a war of aggression on the northern half of Korea." South Korea's state of heightened military alert since the start of the Gulf war made the exercises more "grave and dangerous," the statement said. Seoul has said the increased alert was prompted by fears that the North might attack while the world was preoccupied with the Middle East.

A series of North-South reunification talks began last year. The next round is scheduled for Pyongyang from Feb. 25 to 27.

Bhutto Husband Charged in Killings

KARACHI, Pakistan (Reuters) — The police accused the husband of former Prime Minister Benazir Bhutto on Monday of helping to plan the massacre of 30 people in Karachi last year. He has been accused along with several prominent opposition politicians and Bhutto aides, a court official said.

He said the case against Miss Bhutto's husband, Asif Ali Zardari, a business; a former chief minister of Sind Province, and others, had been sent to a special Karachi court dealing with terrorism. Mr. Zardari was already in jail awaiting trial on charges of extorting money and fixing bank loans for friends.

The massacre took place on Aug. 22 when gunmen fired on activists of the Mohajir National Movement, political foes of Miss Bhutto's Pakistan People's Party. The killings occurred two weeks after President Ghulam Ishaq Khan dismissed Miss Bhutto's government, accusing it of corruption. Miss Bhutto was later defeated in the October elections.

Official Flees Belgian Miners' Attack

BRUSSELS (Reuters) — Coal miners attacked a Belgian regional minister's car on Monday, smashing windows and seizing documents before he was driven to safety by his chauffeur.

The miners besieged the car of Gaston Geens, president of the Flemish regional government, after police used tear gas and water cannon against hundreds of demonstrating miners who tried to break through barbed wire barricades.

Witnesses said Mr. Geens's limousine was surrounded by protesters as he tried to leave his office after a radio newscast said he had refused to meet a miners' delegation. The police said earlier that about 800 miners armed with stones and iron bars tried to ram their way through police barriers after a march to demand better conditions for early retirement.

Militia Chief Assails Beirut Cabinet

BEIRUT (UPI) — The chief of the Christian Lebanese Forces militia, Samir Geagea, called Monday for the dissolving of the pro-Syrian cabinet of Prime Minister Omar Karami.

Mr. Geagea, in an interview with An Nahar newspaper, pursued his campaign against the Syrian-backed government, branding the executive body as a militia. "The first militia that should be disbanded is the government," he said. "It is the largest militia."

The militia chief continued his rhetorical attacks against the cabinet as armor-equipped Lebanese troops combed Beirut in search of concealed weapons. Over the weekend, the regular troops searched apartment buildings and removed militia posters and slogans in Christian-inhabited neighborhoods, witnesses said. Pictures of Mr. Geagea and the deposed Christian military leader, General Michel Aoun, were removed, the witnesses said.

Belfast Catholic Is Slain in Home

BELFAST (Reuters) — Protestant extremists burst into a Catholic man's house Sunday and shot and killed him in front of his five children. The Ulster Freedom Fighters, an outlawed paramilitary group, said they were responsible for killing Sean Rafferty, 44.

The extremist group said Mr. Rafferty was deeply involved with the IRA guerrilla fight to end British rule in Northern Ireland.

But his family angrily denied the charge. The police said the shooting had the hallmarks of another random sectarian killing in North Belfast, where 547 people have been killed in the last 20 years.

TRAVEL UPDATE

Kuwait Airways Returns to the Sky

LONDON (Reuters) — Kuwait Airways, which stopped flying after the Iraqi invasion Aug. 2, has begun operating a few flights between Dhahran, Saudi Arabia and London, an airline official said Monday.

"We are flying on a limited basis," the official said. "We are conducting an airlift for British and European citizens from Dhahran to London." No other routes were being flown, he added.

British Airways, which canceled flights to the region as tension mounted, said Monday it had resumed flying between Saudi Arabia and Britain. It resumed flying to Oman and the United Arab Emirates in the Gulf last week. Starting this week, BA will operate a twice weekly service to Saudi Arabia on Wednesdays and Sundays, a spokesman said. Because of falling demand worldwide, British Airways is now flying two rather than three flights a day between New York and London. One of the two Concordes on Sundays has been canceled.

Iraqis changing planes in Hong Kong en route to other destinations are now required to have a Hong Kong visa under a new security measure at the British colony's international airport. *(AFP)*

South Korea has strengthened security at Seoul's Kimpo airport after a warning that Mideast terrorists were in the region. A spokesman for the Korea Airports Authority quoted the airline as saying the terrorists were traveling as couples and carrying explosives in briefcases. *(Reuters)*

Delta Air Lines has canceled its daily Cincinnati-to-Paris flight, and industry analysts predicted similar moves by other carriers. *(Reuters)*

Cathay Pacific Airways is raising by 10 percent its fares on Southeast Asian routes and those to Taiwan and South Korea effective Friday, the airline said in Hong Kong on Monday. *(AFP)*

Finnair is starting a nonstop service between Helsinki and Tokyo above Siberia three times a week from this spring, the company said Monday. An agreement between Finland and the Soviet Union made flights over Soviet territory possible, the airline said. *(AFP)*

Singapore Airlines announced Monday the immediate resumption of its twice weekly service to Manchester, England, suspended since Jan. 19 because of the Gulf war and stiff landing insurance premiums. *(AFP)*

Sabena has cut to 7 its weekly flights from Brussels to New York, from 11. It cited reduced traffic due to the Gulf war. It has already stopped all flights to Cairo, Lanarca, Tel Aviv, Istanbul and Ankara. *(AP)*

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	6	43	0	32	c
Athens	12	54	9	48	c
Barcelona	14	57	4	39	sf
Belgrade	9	48	2	36	r
Berlin	3	37	0	32	r
Brussels	3	37	0	32	r
Budapest	6	43	0	32	r
Copenhagen	2	36	0	32	r
Costa Del Sol	16	61	6	43	r
Dublin	5	41	3	37	r
Edinburgh	6	43	0	32	r
Faro	16	61	3	37	r
Florence	10	50	1	34	r
Frankfurt	2	36	1	34	r
Geneva	0	32	-2	28	r
Helsinki	2	36	-2	28	sf
Las Palmas	19	66	14	57	c
Lisbon	13	55	3	37	c
London	5	41	2	36	r
Luxembourg	0	32	-1	30	c
Madrid	10	50	-1	30	c
Milan	7	45	-5	23	c
Moscow	-12	10	-21	-6	sf
Munich	-1	30	-5	23	sf
Nice	14	57	5	41	r
Oslo	-1	30	-5	23	sf
Paris	6	43	0	32	r
Prague	1	34	0	32	sf
Reykjavik	-5	23	-8	18	sf
Rome	14	57	2	36	c
Stockholm	3	37	-3	27	sf
Strasbourg	0	32	-1	30	r
Venice	8	46	0	32	r
Vienna	3	37	0	32	r
Warsaw	2	36	0	32	sf
Zurich	-1	30	-3	26	sf

MIDDLE EAST

Cairo	19	66	7	45	s
Istanbul	—	—	—	—	na
Moscow	—	—	—	—	na
Riyadh	—	—	—	—	na
Tel Aviv	—	—	—	—	na

OCEANIA

Auckland	—	—	—	—	na
Sydney	27	81	20	68	s

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	34	93	24	75	t
Beijing	2	36	-3	26	sf
Hong Kong	19	66	16	61	r
Manila	31	88	21	70	t
New Delhi	30	86	19	66	s
Seoul	5	41	-12	9	sf
Shanghai	8	46	3	38	r
Singapore	29	84	24	75	t
Taipei	17	63	14	57	r
Tokyo	8	46	0	32	r

AFRICA

Algiers	14	57	9	48	c
Cape Town	24	75	16	61	c
Casablanca	16	61	4	39	c
Harare	28	82	11	52	c
Lagos	32	90	27	81	t
Nairobi	28	82	15	59	c
Tunis	14	57	10	50	c

LATIN AMERICA

Buenos Aires	28	82	18	64	t
Lima	25	77	16	61	s
Mexico City	25	77	8	46	s
Rio de Janeiro	28	82	23	73	sh

NORTH AMERICA

Anchorage	-5	23	-12	10	c
Atlanta	12	54	8	46	c
Boston	6	43	-2	28	sf
Chicago	0	32	-10	14	sf
Denver	7	45	-12	10	cl
Detroit	3	37	-6	21	sf
Honolulu	27	81	20	68	sh
Houston	20	68	12	54	t
Los Angeles	17	63	7	45	t
Miami	27	81	21	70	sh
Minneapolis	-6	21	-14	7	sf
Montreal	-3	27	-7	19	sf
Nassau	25	77	15	59	sh
New York	9	48	1	34	r
Phoenix	20	68	7	45	t
San Francisco	14	57	3	38	t
Seattle	6	43	-2	28	sf
Toronto	0	32	-9	16	sf
Washington	11	52	-2	28	sf

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

TUESDAY'S FORECAST — CHANNEL: Slightly rough. FRANKFURT: Cloudy. Temp. 0 — 3 (32 — 37). LONDON: Cloudy. Temp. 4 — 7 (39 — 34). MADRID: Partly cloudy. Temp. 0 — 3 (48 — 37). NEW YORK: Partly cloudy. Temp. 4 — 9 (39 — 48). PARIS: Cloudy. Temp. 1 — 2 (34 — 36). ROME: Fair. Temp. 14 — 5 (57 — 36). TEL AVIV: Not available. ZURICH: Cloudy. Temp. 0 — 4 (32 — 21). BANGKOK: Fair. Temp. 34 — 24 (93 — 75). HONG KONG: Cloudy. Temp. 19 — 14 (66 — 57). MANILA: Fair. Temp. 32 — 24 (90 — 75). SEOUL: Cloudy. Temp. 7 — 5 (45 — 23). SINGAPORE: Showers. Temp. 30 — 24 (86 — 75). TOKYO: Fair. Temp. 8 — 1 (46 — 34).

Iraqi Envoy Leaves Sydney

United Press International

SYDNEY — Iraq's chargé d'affaires, Saad Omran, left Australia on Monday after being expelled for unspecified security reasons.

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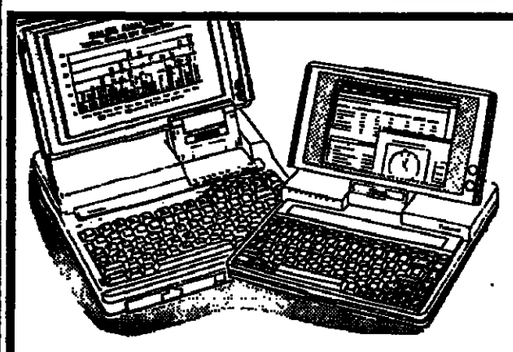

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هكذا من الاصل

هكذا من الأصل

WAR IN THE GULF: A look at the men who shoot the Patriots and the limitations they face

Bush Says War Pits 'Good vs. Evil' and Good Will Prevail

Compiled by Our Staff From Dispatches

WASHINGTON — President George Bush said Monday that the United States was fighting a "just war" that did not seek the destruction of Iraq.

In a speech to religious broadcasters, Mr. Bush cast the conflict in moral terms.

"It has nothing to with religion, per se," he said. "It has, on the other hand, everything to do with what religion embodies: good versus evil, right versus wrong."

"It is a just war and it is a war in which good will prevail," the president said. "The first principle of a just war is that it supports a just cause. Our cause could not be more noble."

In his address to the National Religious Broadcasters convention, Mr. Bush said, "We do not seek the destruction of Iraq. We have respect for the people of Iraq."

He added, "We don't want to see a country so destabilized that Iraq itself will become a target."

Mr. Bush dismissed President Saddam Hussein's characterization of the Gulf conflict as a war against infidels.

"The war in the Gulf is not a Christian war, a Jewish war, a Muslim war," Mr. Bush said. "It is a just war. It is not Iraq versus the United States. It is the regime of Saddam Hussein against the rest of the world. It has nothing to do with religion."

Mr. Bush said that he was totally committed to driving Iraqi forces from Kuwait, but he also stressed that he harbored no ill will against the Iraqi people. He added, "Every war is fought for reasons but a just war is fought for the right reasons, for moral, not selfish reasons."

"We seek nothing for ourselves," he said. "U.S. forces will leave as soon as their mission is over, as soon as they are no longer needed or desired."

Mr. Bush said that the United States had made every effort to resolve the Gulf crisis peacefully but that Mr. Hussein had rejected all overtures.

"He made this just war an inevitable war," Mr. Bush said.

"Some ask whether it's moral to use force to stop the rape, the pillage, the plunder of Kuwait, and my answer: Extraordinary diplomatic efforts having been exhausted to resolve the matter peacefully, then the use of force is moral."

He said that the United States and its allies were "doing everything possible, believe me, to avoid hurting the innocent."

With several references to the Bible justifying the use of force against tyranny, Mr. Bush said, "We know this is a just war and a war we will win."

He went on: "No one wanted war less than I did. No one is more determined to see from this battle a real peace, a new world order."

He said that when the war was over, the United States would have "a key role in restoration of peace in the Middle East."

Mr. Bush devoted most of his speech to explaining why he decided to go to war after 166 days of diplomatic efforts to evict Kuwait from Iraq by peaceful means.

White House officials said later that Mr. Bush would discuss the country's Gulf war aims in his State of the Union address, abandoning the traditional use of the speech to unveil new domestic programs.

The televised address to a joint session of Congress on Tuesday night will focus heavily on U.S. war efforts in the Gulf. The White House spokesman, Marlin Fitzwater, said that Mr. Bush had decided to postpone plans to unveil a proposal on banking laws and a national energy policy until early next month. *(AP, Reuters, UPI)*

More Gulf News *on Pages 6, 7 and 8*

Inside a Patriot Crew's Bunker: Aces at Ambushes in the Air

By Guy Gugliotta
Washington Post Service

EASTERN SAUDI ARABIA — It begins with the alarm, a banshee scream cutting across the darkened compound. The Patriot launch team, napping fitfully, comes awake in an instant. Within seconds, scores of soldiers burrow deep into sandbag bunkers, grab their radios and prepare their ambush.

"It's coming in this direction," said Sergeant William Salmon, 23, of Stillwater, Oklahoma, the radio operator in Bravo Battery's command post. "We have inbounds. Scud launch, Scud launch."

"We've got them on the scope," said Captain Joe DeAntona, 28, of Scranton, Pennsylvania. "Here it comes."

At 3:37 A.M. on Saturday, Bravo and Alfa batteries of the 2d Battalion, 7th Air Defense Artillery, fired Patriot anti-missile missiles at an approaching Scud rocket.

"We have launched," Captain DeAntona said. Long seconds passed, then came the sound of a distant "whump."

Sergeant Salmon ducked his head, listening hard, then put the receiver down. "We got it."

The Patriot batallions are the first heroes of Operation Desert Storm, protecting cities and vital installations from Iraq's Scud salvos. Patriots have had mixed luck in Israel and in Riyadh, where Scuds have caused some significant damage and a few deaths. The 2d Battalion, however, has never missed. For now, its soldiers are the most popular people at the air base.

"After we got our first one, I called the air force and asked them to lend us a forklift to reload our canisters," said Captain DeAntona, a 1984 West Point graduate. "The second time, they called me and asked me if I needed the forklift. And they sent the operator."

The fame of the air base's Patriot batteries has spread throughout eastern Saudi Arabia. On the beachfront at a nearby town citizens were picking up little pieces of Scud as souvenirs. In the lobby of the Dhahran International Hotel a piece of a Patriot bearing the inscription "We Love You" sits on a pedestal.

Saudi soldiers in a pickup truck delivered a piece of Scud to battalion headquarters as a token of appreciation. The air force security patrol has sent cookies and brownies after particularly nasty nights.

"The soldiers don't want to leave; this is their home," Captain DeAntona said. "We had an opportunity to move off site. I didn't favor it, but I put it to the kids. Not a single soldier wanted to move."

At dark, the entire battalion was in Mission Oriented Protective Posture 2, wearing a full chemical-protective suit with gas masks strapped to the waist.

The alarm shrieked the first "Scud alert" shortly after 7 P.M. Captain DeAntona and 13 crew members ran to the Bravo Battery command bunker, two concrete culverts sunk in sandbags a few steps from their sleeping quarters.

In the bunker, Captain DeAntona monitors each attack by a radio telephone linked to his three-member fire-control team, in a van with the Patriot's computers.

Minutes after the command team was in place, Sergeant Salmon passed the words "Scud launch." He paused for a moment, listened: "Four launched toward Israel."

The Patriot battery gets its alerts and target information from a variety of sources, but once the Scud attack begins, the amount of information digested by the system is so complex that a single battery is unable to decipher it until its analysts have pored for hours over computer printouts. Often, Captain DeAntona said, "the people on CNN know what has happened before we do."

Soon, a transistor radio tuned to the Armed Forces Radio and Television System was broadcasting reports from Israel.

"Several missiles have landed," the radio said, and a bit later, "From the trajectory it looked like a Patriot or a Scud."

After half an hour Captain DeAntona turned to Sergeant Salmon, saying, "I think we're in for a long night. Remember the last time. He fired at Israel, Riyadh, and then us."

Twenty minutes later the all-clear sounded. The command bunker emptied, leaving the radio behind to play Eric Clapton's "I Shot the Sheriff."

The peace and quiet lasted for about a half-hour before the alarm sounded again. This time there was no launch. Chief Warrant Officer Gerald Roberts, 49, of Fresno, California, Bravo Battery's leading mechanic, complained that he had not had time to finish a letter.

"Every time I tell them nothing is happening, we get hit," he said.

A third alert came just before 10:30 P.M. But after a few moments, Sergeant Salmon said, "It's Riyadh, this time — so we're next."

The fourth attack came about 3:30 A.M. on Saturday. Temperatures had dropped sharply, and the men and women of Bravo Battery had donned extra clothing. First Lieutenant Maureen Fickaisce, 22, a graduate of Lehigh University, was in the van leading the attack and talking to Captain DeAntona by phone.

After Sergeant Salmon announced, "Scud launch" and "Incoming," the command post fell silent. The Scud was coming toward the air base, and there was nothing to do but wait.

Outdoors, Teruhiko Yashiro, an NBC cameraman, and Okitaka Hikosaka, a sound man, waited. At 3:37 A.M. they recorded a throaty explosion, a blast of light and the arrow-shaped Patriot lancing out of Bravo Battery in a streak. The missile arched once and headed out at an angle of about 45 degrees.

Soon it was a point of light, rapidly making rendezvous with a second Patriot launched from Alfa Battery, tucked into another corner of the air base.

The Alfa Patriot, approaching from another angle, corkscrewed and disappeared through the clouds. The two missiles were on a collision course, intercepting each other and the incoming Scud. An instant later there was a flash of light, then a second flash. A burning piece of debris shaped like a hot teardrop plunged to the ground spraying sparks.

"What do you think, chief?" Captain DeAntona asked.

"I think we got a hit," Mr. Roberts replied.

Until they sorted out the computer data, it would be impossible to tell exactly what had happened in the sky, but after a few minutes Captain DeAntona conceded it looked like Alfa Battery would get primary credit — and a 6-to-4 battalion lead in Scud kills.

Anti-Missile Missile Isn't Shield for Cities

By Evelyn Richards and Barton Gellman
Washington Post Service

WASHINGTON — The Patriot air-defense system was designed to protect relatively compact military installations, not entire cities, and to knock out but not necessarily obliterate incoming missiles.

Officials familiar with the system made these observations in explaining why an interception of an Iraqi Scud missile by a Patriot could nevertheless result in damage and injuries in densely populated areas.

The system was intended as a shield for isolated airfields or radar or communications sites where debris would do little harm, an official said. In a densely populated area like Tel Aviv, an incoming missile knocked off course or only partially destroyed could do substantially more damage.

While a direct impact with a Scud's warhead would likely leave only small fragments to drop to the ground, large pieces of debris remain when the Patriot makes a less precise hit or explodes only in the vicinity of the incoming missile, which sometimes occurs.

With just seconds to compute a trajectory and launch, the Patriot system sometimes is able only to knock an incoming target off course, as happened Tuesday when a deflected Scud slammed into Tel Aviv. Three people died smaller than the 41-foot, 16,000-pound Scud.

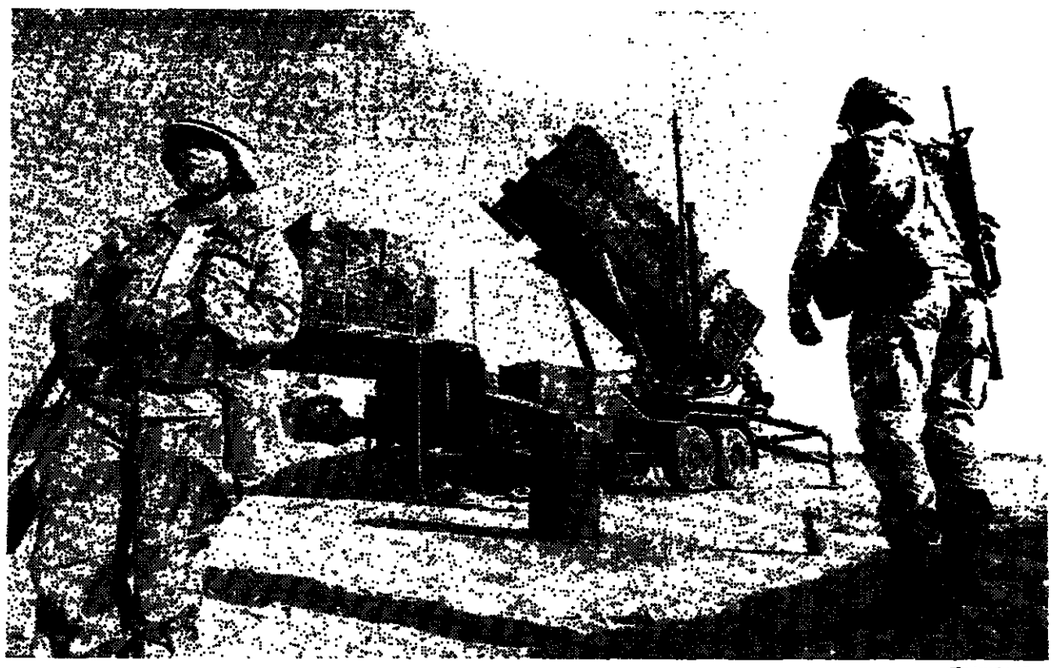
"There's just not enough bird there to take care of the whole Scud," the army official said. from heart attacks and scores were injured in the explosion.

Also working against the Patriot is its original design as an anti-aircraft system. The large size and relatively slow speed of aircraft make them far easier targets than Scuds.

In the past few years, the system's contractor, the Massachusetts-based Raytheon Co., modified the Patriot's software and warhead to give it anti-ballistic missile capabilities, but the system was never intended for more than "low-density engagements," said Stephen Meyer, a Massachusetts Institute of Technology professor of defense and arms control.

The warhead alterations also were not radical enough to enable the Patriot to pulverize a tactical missile, an army official said.

A Patriot missile, which is 17 feet long and weighs about 2,000 pounds (905 kilograms), is much



The Associated Press

Two U.S. Army troopers standing guard near a Patriot missile-launcher somewhere in the Saudi Arabian desert.

"We're very accurate with our shots, but you just can't destroy the entire Scud because there's too much of it."

The Scud's high speed, roughly twice that of the Patriot's, also makes a direct hit difficult. The Patriot's radar likely picks up an incoming Scud, when the Scud is about 35 to 50 miles (55 to 80 kilometers) away, Mr. Meyer and others said.

Satellites that detect heat from the Scud's launch would provide additional warning, but in either case, the Patriot's computer has no time to spare in analyzing the Scud's trajectory, calculating an intercept point and launching the missile.

Munich NATO Forum Canceled for Security

Compiled by Our Staff From Dispatches

MUNICH — A high-level annual NATO forum, scheduled here this weekend, has been canceled because of fear of a possible Iraqi-inspired terrorist attack, its organizers said Monday.

The defense symposium, known as Wehrkunde, has been held here for 27 years.

About 200 ministers, military officers and economic experts from the 16 nations of the North Atlantic Treaty Organization were expected at this year's gathering.

The organizers reported Monday that the Bayerischer Hof, where the meeting is usually held, had refused to stage the event on the ground that it could be endangered by terrorists.

There was not enough time to find another meeting place, said the organizers, a Munich-based military magazine.

The theme of the forum was to have been "From Confrontation to Cooperation," covering changes in East-West relations. Also to be discussed was the Gulf war and its effect on the Atlantic alliance.

Several guests canceled earlier, including Defense Minister Tom King of Britain.

Security concerns have also caused cancellations at this week's World Economic Forum in Davos, Switzerland, a traditional meeting-place for political and business leaders. *(AFP, Reuters)*

U.S. Extends Alert Issued in Bangkok

New York Times Service

BANGKOK — The American Embassy in Bangkok extended on Monday its warning to Western tourists and residents about possible Gulf-related terrorism "for the foreseeable future."

But apparently in response to complaints by Thai officials concerned about a sharp drop in tourism, the new advisory was more general, speaking of "the worldwide terrorist threat" and covering "neighboring countries" as well as Thailand.

The original warning, issued Jan. 19, only covered Bangkok and was issued for a 48-hour period. It was extended until Monday before being renewed again in different language.

The Jan. 19 warning stemmed from an intelligence report that a cache of weapons and explosives, originally brought in under diplomatic cover, had been moved out of the Iraqi Embassy here, diplomats and Thai officials say.

After two Iraqis mishandled a bomb apparently destined for an American library in Manila the same evening of Jan. 19, killing one of the Iraqis and badly wounding another, intelligence officials there found passport irregularities that seemed to tie the two to Bangkok.

The Los Angeles Times, citing a Western intelligence official in Manila, said that Bangkok "appears to be a logistics center" for Iraqi terrorism, where agents are brought in and provided with fake documents and possibly matériel.

The leader of the Thai armed forces, General Sunthorn Kongsompong, said Friday that terrorists "gather in Thailand because the freedom of movement here is greater than in most other countries, particularly in normal times."

The general also confirmed that the Thais had been monitoring the movements of known terrorists in the country, while sharply increasing security around Western embassies and offices, hotels, nightclubs and the airport.

In the past week, Thailand has also expelled two Iraqi diplomats, refused to allow two more Iraqi diplomats expelled from Australia to stay and, on Monday, deported two more Iraqis and a Jordanian arrested last week who say they are businessmen. The Thais have at least one Iraqi and one Jordanian in custody.

American Express Office Hit in Athens

Compiled by Our Staff From Dispatches

ATHENS — Terrorists fired an anti-tank rocket at an American Express office, and a bomb explosion shook an insurance office here in attacks Monday apparently linked to the Gulf war, the police said.

Bombs were also set off in Turkey and the Philippines.

In the 12 days since the allies began the war to drive Iraq out of occupied Kuwait, there have been at least 29 attacks on U.S., British, French, Saudi and Egyptian targets around the world. At least one attack was carried out by Iraqis, killing one of the persons involved when a bomb exploded prematurely, but most appear to have been the work of local leftist or Muslim guerrillas.

One other person — a security guard in Lebanon — has died in the attacks, while at least 12 anti-American or pro-Iraqi demonstrators have been killed in India, Pakistan and Turkey.

The police said a bomb explosion early Monday damaged the offices of Interamerican Insurance Co. in the Nea Faliron suburb south of Athens. About 30 minutes later, the rocket hit the offices of the American Express office in central Athens.

The rocket was fired by remote control from a building across the street, the police said.

The attacks followed bombings Friday outside branches of Citibank and Barclays bank, as well as outside the home of the French military attaché in Athens. There were no casualties.

Responsibility for those explosions was claimed by the November 17 terrorist group, which said it was expressing its solidarity with the Iraqi people.

The police said they believed that Monday's incidents were the work of the same group because the rocket attack was carried out with equipment stolen from an army barracks by November 17.

Since its appearance in 1975, the group has carried out 15 assassinations of Greek and American officials and private individuals, as well as numerous bomb attacks.

The bomb attacks have been successful despite stringent anti-terrorist security measures. They have included the placing of armed guards at potential targets as well as the expulsion of most Iraqi diplomats and a number of other Arabs suspected of terrorist activity.

The attack in Turkey took place in the parking lot of Ankara's main government tax office, where a bomb exploded under a car, the Anatolian News Agency reported. No injuries were reported.

Three foreign airline offices were bombed in Ankara a day earlier. Offices with U.S. connections in Istanbul and the southern city of Adana have also been attacked in the past week.

An outlawed leftist group, Dev Sol, or Revolutionary Left, claimed responsibility for those attacks and said they were in retaliation for allied actions in the Gulf.

Assailants in the Philippines hurled a bomb on Monday at a provincial radio station and left a poster saying "Long Live Saddam; Criminal Bush."

Over the weekend, nine people were killed and more than 100 wounded near New Delhi when Hindus and Muslims fought with acid bombs and homemade guns in a riot provoked by a pro-Iraqi demonstration, news reports said.

A fight in Pakistan among pro-Iraqi demonstrators in the remote village of Khar led to a gun battle that left three dead and eight wounded. *(AP, AFP, UPI, Reuters, NYT)*

The Analysts' View: Day 12

Four strategists pick the major development in the last 24 hours of the war.

Robert Hunter | François Heisbourg | Ze'ev Schiff | Abdul-Karim Abou-Nasr

ROBERT E. HUNTER
Vice president of the Center for Strategic and International Studies in Washington:

The flight of Iraqi aircraft to Iran may be an attempt to drag Tehran into the war — as Saddam Hussein has tried to do with Israel — or may simply be pilot defection. Regardless, the Bush administration must finally surmount American emotional resistance to dealing directly with Iran. The Europeans can deliver the message provided it comes from Washington. It must affirm Iran's territorial integrity, its place in a postwar solution and access to Western capital and technology — on condition that Tehran remains neutral.

FRANÇOIS HEISBOURG
Director of the International Institute for Strategic Studies in London:

The anti-American demonstrations in Germany over the weekend, the new revelations about the involvement of German industry in building Iraq chemical weapon capabilities, the overall reluctance of the German people to accept the notion that Europe security cannot be ensured by the functional equivalent of neutralism, all of these will produce a deep effect on the future of German-American relations and on the prospects for a common European security policy. Unless Germany displays greater understanding for the sacrifices of its closest allies in the Gulf, Atlantic and European solidarity may be buried "in the sands of Arabia."

ZE'EV SCHIFF
Military editor of the Tel Aviv daily Ha'aretz:

Iraq can only be defeated by victory against its forces in Kuwait, but the opening of a second front in western Iraq may offer strategic advantages. A relatively small ground force there could threaten Saddam Hussein's forces from the rear, create a buffer for neighboring Jordan and drastically curb Iraqi missiles, thus reducing the risk that Israel will be drawn into the war.

ABDUL-KARIM ABOU-NASR
Editor and political commentator with leading Arab publications since 1965; now working with a Kuwaiti daily, Al Qabas:

Although no government yet admits it publicly, the unfolding pattern of the war shows that destroying Iraq's military machine, changing the regime in Baghdad and liberating Kuwait constitute a single, indivisible objective for allied forces. Arab Gulf states see the situation in terms of this equation: a strong Iraq led by Saddam Hussein caused the war and constitutes a permanent threat to stability, therefore a weak Iraq with a different regime equals peace and a stable political order in the region.

Seaborne Exocets: Deadly Game of Hide-and-Seek

By Molly Moore
Washington Post Service

DHAHRAN, Saudi Arabia — U.S. fighter-bombers and warships in the Gulf are waging "a deadly game of hide-and-seek" against Iraqi patrol boats, many believed to be carrying powerful anti-ship missiles that pose a major threat to allied combatants on the seas, according to senior military officials.

While the three U.S. aircraft carriers in the Gulf have launched waves of bombers at Iraq's largest naval yards, pilots and navy officials said they had not been able to determine how many vessels had been sunk because of the same persistent cloud cover that had hampered bomb damage assessments throughout Iraq and occupied Kuwait. U.S. intelligence officials also said they believed that Iraq had armed many small, civilian boats with anti-aircraft missiles.

Although allied forces have claimed superiority in the skies over Iraq and Kuwait, navy officials said many threats continue in the Gulf.

"I think if you look at the ultimate objective — and that is full control of the Gulf," said Captain Ernest E. Christensen, skipper of the aircraft carrier Ranger. "The patrol craft tend to introduce an element of lack of complete control over the sea. There is no question we have got to take them out."

U.S. military officials are particularly concerned about Iraq's arsenal of French-made Exocet missiles which can be fired from aircraft or vessels. The U.S. Navy already has experienced the damage that an Exocet can cause to its thin-skinned ships. In May 1987, an Iraqi pilot fired two Exocets into the U.S. frigate Stark in the Gulf, killing 37 men. Iraq said the missiles were fired by accident.

Exocets were also used successfully by Argentina during the Falklands War in 1982 to sink the British destroyer Sheffield and the Atlantic Conveyor, a merchant ship employed by the British Navy during the retaking of the South Atlantic islands.

France has sold thousands of the weapons around the world.

Iraq was believed to have bought many hundreds of them since 1983.

The anxiety over the Exocets in the Gulf was heightened last week when a Saudi F-15 fighter pilot shot down two Iraqi Mirage F-1 fighter-bombers loaded with the missiles.

While U.S. officials had scoffed at the small Iraqi Navy, which had fewer than 50 known ships and small vessels, U.S. naval authorities now say the Iraqi fleet may be more troublesome than expected.

Allied forces have destroyed 18 Iraqi naval vessels since the war began earlier thi month, according to U.S. officials.

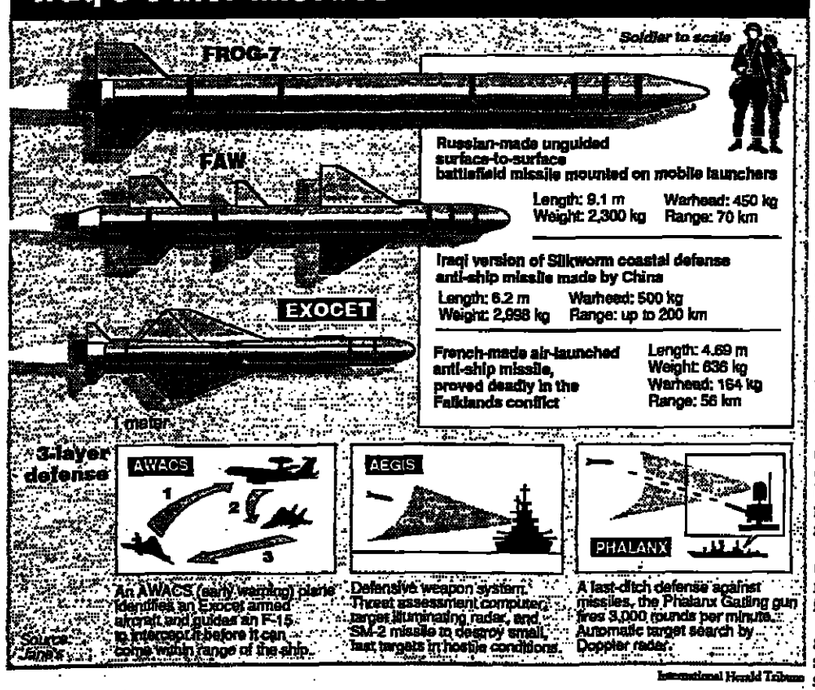
Radar in U.S. surveillance aircraft, which are normally highly effective against sea targets, has been confused by the many oil platforms that dot the northern Gulf and create blips on radar screens.

Elusive Iraqi patrol boasts try to use that to their advantage, seeking refuge amid the tangle of platforms.

"I think that you are going to see a deadly game of hide-and-seek," said Captain Marc Liebman, who serves in the Ranger battle group's information center.

"The Iraqis are not as aggressive as we had thought, but they are not as easy to find as we had thought either."

Iraq's Other Missiles



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OPINION

Saddam Is No Saladin

In proclaiming a holy war against his foes, Saddam Hussein of Iraq has likened himself to Saladin, the great Islamic adversary of Richard the Lion-Heart in the Third Crusade. This suggests abysmal ignorance of Saladin's code in dealing with foes, infidels and prisoners of war.

As the historian Anne Fremantle has written, the Third Crusade is best remembered for the gallantry which Saladin and Richard displayed toward each other: "Saladin had the edge in this regard. Battling Richard at Jaffa, for example, he learned that the Englishman's horse had been killed under him; promptly he sent a groom leading two fresh mounts."

According to Harold Lamb, Saladin was at heart a scholar and lover of peace who waged war reluctantly: "He kept inviolate his ideal of personal honor — more exacting than the Christian code of chivalry."

After his armies conquered Jerusalem in 1187, his humanity won the admiration of Christian chroniclers. In his modern retelling, the historian René Grousset relates: "On the entry of his troops he had the main streets guarded by trusted men, responsible for preventing any violence against the Christians ... Some fanatics asked Saladin to raze the Holy Sepulcher and put an end to Christian pilgrimage. He stopped them with a word: 'Why raze and destroy, when the object of their veneration is the place of the Cross and not the outward building? Let us imitate the first Muslim conquerors who respected these churches.'"

His honor shone in his respect for prisoners. "They brought to him from among the prisoners," Mr. Grousset writes, "a decrepit old man who despite his infirmities was determined to make the pilgrimage to the Holy Land. Taking pity on him, the sultan gave him a horse and had him returned to the Frankish army."

One night Muslim raiders carried off a child from the Christian camp. An Arab chronicler related what happened: "The sultan was on horseback, surrounded by a numerous escort, of which I was one, when the mother presented herself ... The sultan informed himself of her plight and when he learned of it, his eyes filled with tears. He sent for the child ... All who saw the scene, and I among them, also wept."

And this noble figure, so at variance with Western stereotypes of Islamic zeal, had another distinction: He was a Kurd, whose descendants in Iraq have been gassed by Saddam Hussein. One can imagine what Saladin might have said about the bully who now claims his mantle.

— THE NEW YORK TIMES.

Wrong Nuclear Message

Why does President George Bush stubbornly resist all negotiations toward a ban on nuclear weapons tests? He has even backed away from Ronald Reagan's pledge to Congress to engage "immediately" in talks "on a step-by-step program ... limiting and ultimately ending nuclear testing." Mr. Bush would better serve U.S. security interests by carrying out that pledge.

The administration alienated other nations with its intransigence during an international conference just ended in New York to consider amendments to the 1963 Limited Test Ban Treaty. The U.S. delegate gratuitously offended states that want a total test ban. "Consideration of testing limitations is a serious undertaking that should be conducted in a serious matter," she said patronizingly. To most conferees, it is a matter of the utmost seriousness to stigmatize these dread weapons and isolate states trying to develop them. For the United States to insist on testing undermines nuclear arms control and sends the wrong message to potential nuclear powers: "Do as I say and not as I do."

Test ban proponents say that U.S. testing makes it easier for other nations to justify developing nuclear arms. But they may err in arguing the converse. If states feel threatened by nuclear-armed neighbors, they will not refrain from testing just because the United States does, and they could still develop less sophisticated nuclear arms that require no testing.

That is why the United States needs to strengthen efforts to deny countries like Iraq and Pakistan the materials and technology they need to go nuclear. One way is to ease their security concerns by convincing their neighbors to stop building bombs. Such efforts are impeded by U.S. indifference to test ban talks.

The case for banning U.S. tests is stronger now that nuclear weapons development has reached a plateau. No new design is likely to tilt the nuclear balance. Star wars enthusiasts think that testing might yield new defenses against nuclear attack, but few experts agree.

Scientists at laboratories that design nuclear warheads ultimately fall back on the contention that testing is needed to assure reliability and safety. But it is not necessary to detonate warheads to assure that they are in working order. And safety can be satisfied without having to tailor-make and test all sorts of warheads. A few tests of redesigned warheads need not hold up talks.

For America to commit itself to start moving toward a total test ban would yield a lot more military security and a lot less political fallout.

— THE NEW YORK TIMES.

Politics and the Gulf

The Republican Party's new national chairman, Clayton Yeutter, gave it as his opinion the other day that the war with Iraq was going to be a major political issue in 1992, and that the Democrats, most of whom voted against the resolution authorizing the president to use military force, were going to find themselves to have chosen the wrong side. Leading Democrats were indignant that Mr. Yeutter should seek to make a partisan issue out of what had been a solemn expression of individual conscience. Senator Bob Kerrey of Nebraska was articulate and eloquent in response: "Mr. Yeutter is right that we will all be held accountable for our decisions. However, he is wrong to assume I regret my vote. I do not. It was a difficult vote, and the difficulty was born of the caution acquired from my own experiences in the Vietnam war- ... The fact that Mr. Yeutter thinks Democrats and Republicans made up our minds on the Gulf according to some political calculus says more about his approach to foreign policy than ours."

Mr. Yeutter asked for it. For starters, he was clumsy and heavy-handed. To his credit, he is not a convincing gut-fighter, and, anyway, in terms even of the most cynical Republican self-interest it is too early for this sort of thing, since the president is still trying to build and solidify support for the war. Another Republican, Senator Phil Gramm, chairman of the National Republican Senatorial Committee, sent out a fund-raising letter even as Mr. Yeutter was speaking. It illustrates the kind of truly cheap politics that both parties should be avoiding, asking for contributions to defeat "these appeasement-before-country liberals." Whereas Mr. Yeutter is a repentant amateur at this sort of thing, Senator Gramm is an unrepentant pro. But war is a terrible business, and those who try to exploit it for political or any other reasons mock the sacrifices they invoke. So do those who, knowing better, try to twist the argument over using force into a question of patriotism; that is a precipice that both parties ought to fear.

But there is and will be a legitimate, non-dirty political issue here, and that is the point: It should not be misused or cheapened. No decision is more fateful than to go to war, and surely the pitfalls of discussing it do not preclude discussion forever. It is absolutely true that at some point all the participants, from the president through every member of Congress who voted for as well as against the resolution empowering him, will be held accountable for their positions on the war. In a democracy they should be.

If the war goes well, Republicans will say the policy was right and proof that their party is the one to be entrusted with the nation's highest offices. If the war should go badly — if in the end it seems to a large part of the population that it cost more than it won — will the Democrats not use that point against the president, say he led the nation recklessly into loss of life and treasure and influence when sanctions would have done the better job? Of course they will.

The decisions of conscience on both sides in the past several weeks have not been political in the sleazy sense of expedient or self-serving, but they have been utterly political in that each participant assumes responsibility for his action and its outcome and these are a valid basis for electoral judgments. We expect that the public is, as so often, ahead of the politicians in being able to tell the difference between discussing these matters seriously and distorting and exploiting them for quick partisan gain.

— THE WASHINGTON POST.

Other Comment

Values of Islam and the West

There is another element beyond the solution of disputes about borders, access to the Gulf, superpower interests and even nationhood. It is the principal dynamic in the Muslim world, the spiritual imperatives of Islam that require a loyalty far above anything the temporal order can command. A greater effort is required by both the West and the Muslim world to enhance awareness of each other's central values. There must be a retreat from demonology, and from the destructive tendency to create and reinforce violent stereotypes through the press, television, films and advertising. The nominally Christian West should try to grant as generous an assessment of Islam as it does of Judaism, and honor it as the root which gave life to the Renaissance and the civilizations that sprang from it. Muslims should recall that the history of Islam is inextricably bound to that of Judaism and Christianity and that the spirit of compassion is central to all of them.

— Business Times (Singapore).

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War Lames the U.S. Response to the Baltic Crisis

By Anthony Lewis

BOSTON — U.S. and allied planes have already flown many thousands of combat missions against Iraqi targets, but air bombardment will not be enough, intelligence officials say. The 500,000 troops massed in Saudi Arabia, most of them American, will have to go into action on the ground. The fighting may go on for months.

This enormous war effort is necessary, President George Bush says, to achieve a "new world order." But as American attention is on the Gulf war, something else is happening. In Moscow and Vilnius and Riga, the hopes of democracy and freedom are slipping away. The Soviet Union is moving rapidly back toward repression: a militarized form of the totalitarian state.

The headlines have been dwarfed by the war with Iraq, the television coverage glancing. But think what has happened in the last two weeks.

- Soviet soldiers have shot and killed 19 civilians in Lithuania and Latvia.
- The Soviet government has ordered armed soldiers to join the police in patrolling all major cities in the country.
- President Mikhail Gorbachev has granted sweeping powers to the KGB and the police to search private businesses — foreign as well as domestic — and to freeze their assets.

Those ominous actions have been accompanied by ominous rhetoric. Soviet military officers describe the elected government of Lithuania as "fascist." Secret "Committees for National Salvation" ask for presidential rule of the Baltic states — as Czech Stalinists invited Warsaw Pact forces to crush the Dubcek government in 1968.

Mr. Gorbachev's position is still something of a mystery. He has not so far imposed presidential rule on the Baltics. He told the foreign press that events there were "tragic." But what is clear is that he is more and more relying on the new Soviet right, and deferring to it.

Made up of military officers, KGB leaders and Communist bureaucrats, it is deeply conservative and xenophobic. It fears economic reform, private enterprise and foreign investment. It denounces "bourgeois" ideology and demands a return to "socialist" central control.

The right is deeply suspicious of the United States. Some question Mr. Gorbachev's joining U.S. policy in the Gulf, saying that it will lead to U.S. domination there and will menace the U.S.S.R. A key right-wing figure, Lieutenant Colonel Victor Alksnis, has denounced what he called Soviet "appeasement" in the Gulf.

The trend of events in the Soviet Union must be of the deepest concern to President Bush, and to all Americans. But the U.S. government's capacity to address the problem has been compromised by Mr. Bush's decision to go to war against Iraq.

He has criticized the shootings in Vilnius and Riga. He will probably postpone the summit meeting scheduled for next month. What more could he do to protest Soviet developments?

He could deal directly with the crucial immediate issue: the three Baltic republics.

The United States has never recognized the Soviet takeover of Lithuania, Latvia and Estonia in 1940. Nor, lately, has it directly encouraged their claims to renewed independence — a cautious policy that seemed to me wise. But the cynicism and brutality of recent Soviet military actions in the Baltics require a reappraisal of U.S. policy. How can Americans just wring their hands when they see what looks like the development of an internal Brezhnev doctrine, the use of armed force to suppress freedom in the republics? Today it is Lithuania; tomorrow it would be Georgia or the Ukraine or Russia.

There are no easy answers for the United States in the chaos now overtaking the Soviet Union. But Mr. Bush should be forcefully protesting the repression in Lithuania and Latvia. He should be talking with those who are struggling for democracy in Vilnius and Riga and Moscow. But he cannot when he so urgently needs Soviet support for his policy in the Gulf.

President Bush is obsessed by the Gulf crisis. He told David Frost that there has been "nothing like this since World War II — nothing of this moral importance."

As Haynes Johnson wrote in The Washington Post, Mr. Bush was saying: Not the Marshall Plan, not the Cold War, not Korea, not Vietnam. Nothing to equal this conflict.

Mr. Bush and his administration have lost their sense of proportion in this war. And if the Soviet Union goes down the road to darkness, they will have lost their new world order, too.

The New York Times.

To an Arab Friend About Saddam and the Future

By Brian Beedham

LONDON — My dear Mahmoud, I was expecting your letter, and I was also expecting the angry distress that fills its pages. An Arab country is under international attack, and the spearhead of the attack is American and European. If it were the other way round — if a European country were being bombarded by an Arab-led coalition — I, too, would be in turmoil. What is more, you are at least half-right about some of the things that are likely to follow the defeat of President Saddam Hussein, if defeated he is. I can understand why an Arab should feel his heart divided within him.

Nevertheless, I think you are wrong even to toy with the hope that Saddam will not be defeated: wrong not from my point of view, but from your own Arab point of view; and I should like to explain why.

First, I trust that your mind is telling your heart the truth about why this war happened. It happened because of, and only because of, Kuwait. It is not even remotely imaginable that a 28-country coalition, including a large part of the American army and air force, would have assembled in the sands of Arabia, with the blessing of the United Nations, if Saddam had not marched into Kuwait last August.

Neither you nor I would particularly have wanted to live in pre-August Kuwait, but we would much rather have lived there than in Saddam's Iraq. Kuwait was a separate country, and the great majority of its people wanted it to stay that way. Saddam's seizure of it was wrong, not by some abstract "Western principle" but according to your own views about people's right to live in the way they prefer.

The angry part of you replies that it is hypocritical of the Americans and the British and the rest to use military force to put right what was done in Kuwait when in the past they have not used force to rectify other, similar wrongs. No, it is not hypocritical. It might be better if the world were consistently courageous in standing up against countries that attack their neighbors, but to have sometimes failed to do so in the past does not mean it is wrong to try to summon up the courage now.

Suppose, walking down the street one night last week, you saw a man violently attacking a passerby, but for one reason or another — you were confused, you were afraid, perhaps

I should like your people and mine to live side by side in shared freedom and peaceful cooperation.

the attacker was somebody you knew — you did nothing about it. That would no doubt be deplorable.

But if a week later you saw a similar attack, would you say that once again you ought to do nothing to help *because* you did nothing last time? No, Mahmoud, you would not. Especially if this week's assailant looked like a man who would make a habit of it — and Saddam's record, alas, makes him look like just such a man.

This is why I think the calmer part of you knows what to think about Saddam's assertion that the war is not about Kuwait but about Israel. This is untrue, and, worse, it is dangerous.

This war is not taking place because of anything Israel did. The coalition that is trying to push Saddam out of Kuwait pointedly did not ask Israel to join it. The only military action the Israelis ever took against Iraq was that raid on its nuclear reactor a decade ago; and I think both you and I are relieved that Iraq does not today have the means of making this war even ghastlier by turning it nuclear.

Indeed, the real connection between Israel and the war is the opposite of what Saddam says. It is true that after the war there must be another attempt to solve the Palestine question. But the attempt is much likelier to succeed if Saddam has lost the war than if he has triumphantly held on to Kuwait.

If Saddam triumphs, it will be impossible to persuade Israel to negotiate a compromise over Palestine. After all, Saddam — who will then be writing the Arab agenda — is not arguing about the West Bank and Gaza; he still does not seem to accept any Israel at all. The only prospect then will be another Arab-Israeli war, in which an Israel believing itself to be under threat of abolition may well use its nuclear weapons.

If Saddam loses the present war, on the other hand, it should be easier to persuade Israel to pull back its borders, because the most powerful advocate of abolishing Israel will have been defeated. And, after the war, the Americans and their European allies will very much want Israel to compromise, because they will be desperately tired of Middle East crises. Saddam puts it exactly the wrong way round. Palestine is not the reason for the present war, but the defeat of Saddam could be a reason for Palestine to become solvable.

This brings me to the core of the matter. I said earlier that I thought you were at least half-right about one important thing. I mean the anguished passage, toward the end of your letter to me, in which you lamented that the defeat of Saddam would be a victory for Western things and Western ideas — not just precision bombs and other high-technology weapons, but the political ideas that led to these weapons being deployed against Saddam.

"You and I," you said, "have spent many an evening discussing the Arabs' sense of humiliation about their relationship with the West, their feeling that for the past three centuries the West has shaped the world, and history has pushed the Arabs into a corner. Now we may be about to witness, in our very heartland, another demonstration of Western physical power, another assertion of Western values."

I think you are right about what is happening, but wrong in the conclusion you are tempted to draw from it. In your heart of hearts, Mahmoud, you know that in 1991 the Arabs face a great decision. Two utterly different futures are open to them in the 21st century.

One is the future into which Saddam would lead them. In politics, that means rule by Leaders, often Leaders as ruthless as Saddam himself. In economics, it probably means a mixture of inefficient state industry and a private sector that takes the usual care to keep the Leader happy. In foreign policy, it means using hostility toward the West as a way of trying to pull the Arab world together. In combination, that offers the Arabs a still unfree, unrich (except for the few who get the oil money) and probably violent 21st century.

The alternative is for the Arabs to follow the other parts of the world — Eastern Europe, most of East Asia, a growing segment of Latin America, perhaps much of Africa tomorrow and even Russia the day after tomorrow — that are opting for the benefits of pluralism. Yes, "pluralism" is an idea which happened to be born in the West. But, in my experience, most Arabs admire and want what it produces: freedom in politics, efficiency in economics. I believe they are ready to embrace the idea that makes those things possible.

After all, the old barrier of ignorance that used to separate the Arabs from the West is vanishing fast. We know far more about one another than even 30 years ago. Think of how many Arabs now live and work in Western Europe. I see it reported that there may soon be more Muslims than Jews in the United States. For those at home the new technologies of information (yes, another fruit of pluralism) bring the other place alive on the moving screen.

I should like your people and my people to live side by side in shared freedom and peaceful cooperation. That is not, I am sure, Saddam's picture of the future. This is why I think Saddam has to be beaten. It is clear that a great many Arabs, like yourself, still have divided hearts. He may be wrong, you murmur to yourselves, but he is Arab. If this Arab hesitation decides the outcome of the confrontation, we shall all have to live with the terrible consequences.

International Herald Tribune.

Toward Better Arab-Israeli Relations?

By Stephen S. Rosenfeld

WASHINGTON — It seems that the short list of war aims approved by the United Nations, centering on liberating Kuwait, was a victim of Saddam Hussein's intransigence and was set aside even as the first bombs fell on Iraq. In its place President George Bush is now well on the way to substituting the long list embraced by the United States, centering on getting rid of Saddam Hussein, his army and his arsenal.

Mr. Bush's announcement of attack on Jan. 16 made clear that nothing less would justify the expenditure of blood and treasure about to follow. Public anger over Iraq's Scud strikes and mistreatment of war prisoners broadened public acceptance of the president's new approach.

Assuming allied military success, the switch transforms the postwar political scene. The first difference is that Saddam and Iraq, far from being restored to the circle of those making decisions on the future, are likely to have little or no place at the table and to be much more an object of the circle's decisions than a participant in making them.

The second difference is that inevitably the victorious allies are going to be more interested in the Arab-Israeli end of peacekeeping than the Gulf end. This has some particular consequences for the Gulf.

Everyone will breathe a sigh of relief if Saddam and Iraq are cut down to size. But one major Gulf party, Iraq, will be left to a succession struggle that promises to be messy if not prolonged. Iraq's neighbors may be tempted to intervene in this struggle to affect the outcome, or to keep the pot boiling or otherwise to assert an interest, even a territorial one. An unstable region may become more unstable.

In the Iran-Iraq war, outsiders, including the United States, got careless about maintaining a regional balance of power and allowed Iraq to end up too much on top. The understandable and necessary drive to reduce Saddam could revive the same carelessness now. The United States is aware of this risk, but it cannot possibly want to take on the lead job of policing or organizing the postwar Gulf. It is not America's job, it is not America's Gulf. Neither the Arab nor the American publics can possibly care to see an extension of the American role.

The thankless task of asserting the international interest in settling down the Gulf is a natural for a United Nations restored to able political duty by its experience in the current crisis. With the passing of the special explosiveness caused by Saddam's special ambition and weaponry, the region can perhaps be given over to others' running care.

The Arab-Israeli dispute is another cup of tea — an American cup of tea. The historical American interest in Israel makes it so. Political rewards, as well as perils, beckon. In turning to this issue after the war, Mr. Bush would be renewing his own, war-interrupted policy focus, but he would be doing so with several enormous new advantages.

As leader of a successful alliance to defend Arab states, he could expect recognition as a potential peacemaker, if not in the Arab "street" (whatever its weight turns out to be), then among those states which will carry the prime burden of Arab conciliation with Israel. In Israel he could expect similar recognition on the basis of having successfully assisted in the country's defense and displayed exceptional American constancy.

Mr. Bush could build first on the war's demonstration, if it comes to that, of implicit Arab-Israeli strategic cooperation. Arabs constitute the first regional line of defense against Iraq, Israel is the last; both of them prefer stability, fear radicalism and tilt to America and the industrialized democracies.

Will there be worthy negotiation-minded Palestinians available to pick themselves up out of the debris of defeat in which the PLO and its leadership, by embracing Saddam, have left the Palestinian national movement?

Will there be worthy negotiation-minded Israelis available to rise above the debris of an alliance victory? To move on to the hard decisions of territorial renunciation and political compromise that Israel must make if it is to meet its overwhelming opportunity and obligation to welcome a million new Soviet Jewish immigrants?

On the military front now, officials insist that everything is proceeding "on schedule" and "as we expected." You don't have to accept all these assurances uncritically to want to see some more specific evidence of anticipation emerging on the political front. Is it wishful to think that a historic moment may be coming? Or is it myopic not to?

The Washington Post.

For Israelis, A Season Of Fear

By Abraham Rabinovich

TEL AVIV — As he waited for the all-clear to sound early on the first Friday of the war, Jan. 18, a Tel Aviv resident who had chosen to take shelter in his bathroom lay in his empty bathtub with a gas mask over his face and found it hard to control himself. "I couldn't stop laughing," he said afterward.

There could not have been many in Israel who chose to see the absurdity of the human condition rather than feel deep fear as war came again to Israel — a strange war in which the people on the line facing hostile fire are families huddling in sealed rooms wearing gas masks.

Many Israelis tried to dismiss the wail that wakened them early on that Friday as a false alarm. The Americans, after all, had blitzed Iraq on the opening day of the war, and it was unthinkable that the Iraqis could or would fire missiles at Israel. The persistent wail, however, would not be dismissed, and the nation, forcing itself to face a new reality, rose from its warm bed and made its way to the sealed room it had prepared against Armageddon.

The act of slamming the door, quickly taping its edges, covering its foot with wet towels to absorb any gas seeping beneath it and putting on the gas mask was an acknowledgment of mortality, an admission that death was possibly imminent. It was a situation that filled all with fear and many with terror, particularly parents of young children who panicked at the sight of the masks and refused to put them on.

A 3-year-old Israeli Arab girl died of suffocation when her parents forced the mask upon her. The authorities subsequently urged parents not to use force but to let children play with the masks until they became accustomed to them. Three old women died with masks on, whether from suffocation or heart attack. Infants were placed in tent-like, gas-proof cribs, and special masks were placed on young children.

Particularly frightening for many on the first night was the notion that a missile fired from hundreds of miles away could land on their street, a thought that induced a sense of vulnerability and helplessness. In the privacy of their own fantasies, people conjured up scenarios of the horrid end that poison gas would bring to them and theirs.

On subsequent nights the mood was easier. With the sound of the alarm, one stumbled to the sealed room, half asleep, as in a drill, and no longer felt slightly silly putting on the mask. Most people found the masks surprisingly easy to breathe through. In one home in Jerusalem, two teenage boys and a girlfriend played the guitar and sang through their masks, trying to cheer their anxious elders. In another, a resident lifting his ringing phone in the sealed room found himself giving an interview to a newspaper in the United States through his mask for a quarter of an hour.

Never before has this nation, or any nation, seriously prepared its population for the possibility of chemical and biological warfare. Suddenly confronting the unthinkable, the public has discovered that to the authorities the threat has been eminently thinkable.

With the onset of the Gulf crisis, an elaborate shield of civil defense and medical precautions, quietly developed over the years, was put into place with admirable smoothness. The entire nation is now prepared to sit out missile attacks in sealed rooms wearing gas masks. In the event that gas is used, well-staffed treatment facilities are in place.

Although it would have been safer to seek protection from the conventional warheads so far fired at Israel in existing underground shelters, the military command believes that the danger from chemical attack is still greater, and insists that the public should continue to take shelter in their own sealed rooms when the alarm goes off. People also take their masks with them when they leave their homes. After dark, when the Iraqi missile teams tend to work, few people leave home.

After the second missile attack, many Israelis who had opposed an Israeli attack on Iraq changed their minds. "It's not funny anymore," said a Jerusalem teacher. "I opposed an attack by us because that's exactly what he wants. Well, I think we should let him have what he wants."

The writer is on the staff of The Jerusalem Post. He contributed this comment to the International Herald Tribune.

100, 75 AND 50 YEARS AGO

1891: Florence Is Safe

PARIS — That there has been an epidemic of typhoid fever at Florence is now universally known. It ought to be equally well known that it is rapidly declining, and in a very short time is certain to disappear. It was due to the contamination of an aqueduct which supplies a part of the city. As soon as it was found that the water was contaminated it was cut off. Of course a large number of people had taken into their systems the germs of the disease before the contaminated water was cut off, and as the disease afterward manifested itself a certain number of new cases have necessarily been reported. We may, however, feel reasonably sure that the epidemic is now over, and that Florence is as safe to day as it was before the epidemic broke out. Tourists may now go to Florence with perfect safety, provided they exercise the precaution that should never be neglected in any city, of not drinking any water of which they do not know the origin.

1916: A Call to Khaki

LONDON — King George has given the Royal Assent to the Military Service Bill, which was passed in the House of Lords yesterday [Jan. 27]. The bill provides for the compulsory enlistment of all single male residents of Great Britain between the ages of eighteen and forty-one who shall not have volunteered within five weeks.

1941: War Prognosis

NEW YORK — Britain can and will win the war, Thomas W. Lamont told an audience of New York businessmen [on Jan. 28]. In positive terms he foresaw the approach of victory when England, already master of the sea, gained control of the air with "thousands of American planes" and drove Germany from the Channel ports. To make American aid effective, the banker, a life-long Republican, urged speedy passage of the lease-lend bill.

— From the New York edition of the New York Herald Tribune.

هكذا من الاصل

مكتوم من الاصل

OPINION

A Thread From the Kurds Toward a Fabric of Peace

By William Safire

WASHINGTON — Let's tug at a thread and see if it unravels a strategy. The thread is a single fact, unremarked in the torrent of analysis about the first fortnight of the war: After a late-night cabinet meeting, the government of Turkey announced that it would soon end its ban, in force since 1983, on the speaking of the Kurdish language.

One person in six in Turkey is a Kurd; that is almost 10 million people. Ankara calls them "mountain Turks" and has long pretended this distinct ethnic group, with a culture, language and history dating back a thousand years, was melting into the Turkish pot.

Not so; the Kurds, with 10 million more living in Iraq, Iran, Syria and the Soviet Union, fiercely resist assimilation, no matter what national flags fly over what is loosely called Kurdistan.

Why is President Ozal suddenly and urgently sensitive to Kurdish ethnicity in Turkey?

This stiffneckedness, coupled with the Kurdish hope that an Iranian victory in the recent war might have led to freedom for the 3.5 million Iraqi Kurds, led President Saddam Hussein to his first genocidal campaign.

He razed 3,000 villages in northeastern Iraq, driving the survivors out of oil-rich lands to barren wastes in the south, or to refuge in Turkey; after the war, in a lesson to all those who would oppose him, Saddam's helicopters poison-gassed 5,000 defenseless men, women and children in the Kurdish town of Halabja.

The world turned its eyes away. The threat of more poison gas ended the resistance, but vengeance burns in the heart of every Kurdish patriot. The regime in Baghdad knows this: "If you have forgotten Halabja," warned one of Saddam's high command recently, "we are ready to repeat the operation."

However, Jonathan Randall of The Washington Post reports from Damascus that about 2,500 Kurdish guerrillas who had escaped to Syria have infiltrated back into northeastern Iraq. Thousands more, I am told, are entering from three other countries. No tougher or more battle-hardened fighters exist anywhere; they await the order to ignite an uprising.

Now let us pick up the Turkish thread. Why is President Turgut Ozal suddenly and urgently sensitive to Kurdish ethnicity in Turkey?

Because he knows the wide array of Kurdish factions, with the exception of a nutty Marxist splinter, have come together to assert a claim to a portion of Iraq adjacent to Turkey. They speak of an autonomous region within Iraq, not full independence; but if Kurds establish a headquarters for Kurdistan in northeastern Iraq, the Kurds in Turkey may agitate for the same autonomy.

Mr. Ozal does not want to see a Kurdish entity next door. Part of the payment for his cooperation in making an air base available to the United States — from which to hit Iraq from the north — has been in assurances that America will not encourage nationalism in the Kurds.

Washington has probably given him that; selling out the Kurds, even after Halabja, has been a specialty of the U.S. State Department.

But wars always lead to peace tables: after Saddam's defeat, the Gulf deck will be shuffled, and control of land areas will be factored into the settlement.

If, after another couple of months of air bombardment, a mop-up ground attack is needed; and if the large Turkish army joins in a second front, thereby quickly breaking Iraqi resistance — then Turkey will have a big say in the territorial fate of northeast Iraq. The least it could demand: dibs on its oil production as reparation; the most: a redrawing of boundaries.

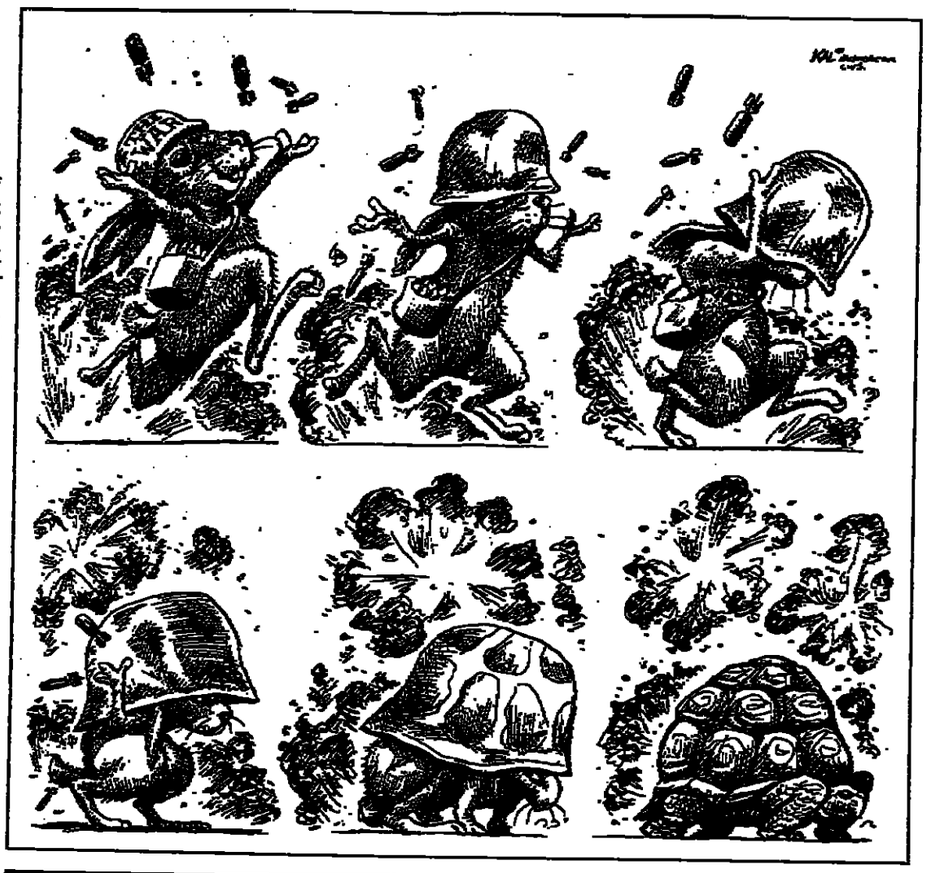
On the other hand, if Turkey stands relatively aloof in the war's final stage, failing to apply the crusher; and if Kurdish guerrillas valiantly take on Saddam Hussein's garrisons and sabotage his war effort on the ground — then the Kurds will come away from their long agony having earned a homeland.

Mr. Ozal sees this; that would explain the urgency of his embrace of Kurdish ethnic identity. He sees, too, the need to make Muslim, Westernized Turkey the strategic bridge between the West and Middle East, helping it gain entry into the European markets even as NATO atrophies; that would explain his pressure on his nervous generals to prepare to march on Baghdad.

Lest learned geopoliticians poohpooh this reading, consider the opinion of the enemy as expressed in the present order of battle. Saddam, who needs every man in Kuwait to face the Americans, now has 120,000 men on line up north to face the Turks.

I say, urge the Turks to hit them in the front, urge and equip the Kurds to harass them in the back, and sort out rewards and retribution at the peace table.

The New York Times.



LETTERS TO THE EDITOR

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Grieving About the Gulf

Had Saddam Hussein pumped some of the billions he spent on arms into his country's economic development, he might not have needed to invade Kuwait.

Had George Bush — and Ronald Reagan before him — pumped some of the billions spent on arms into developing other sources of energy, and into helping U.S. industries adapt accordingly, oil wouldn't be an issue worth killing for. Both nations would have enjoyed their own form of leadership, just like the Germans and Japanese, who have learned their lesson well enough.

My spirits are low and I grieve.

FRAUKE WARNER.
Vienna.

Regarding "The Gangster Had to Be Stopped" (Opinion, Jan. 18):

In his article, James Q. Wilson lists the vital interests of the world, led by the new world police, the United States, without regard for the aspirations, rights and well-being of the people of the Arab world. This is like saying that the world has full rights to the grain fields of the U.S. Middle West, with no concern for the legitimate rights of American farmers. Such disregard for legitimate Arab aspirations can only feed nationalistic feelings.

MILAD G. LARADY.
Tokyo.

Several cities have become platforms for pacifism since the U.S.-led coalition started military retaliation against Iraq. But where were the protesters when Iraq invaded Kuwait — on summer vacation?

SERGIO LEWITHIN.
Mendrisio, Switzerland.

Genocide in Old Argentina

Regarding "Argentina: Exit Justice, Enter a New Year of Fear," by Jacobo Timerman (Opinion, Jan. 9):

It is not my intention to detract from the moral outrage expressed by Mr. Timerman over President Carlos Saúl Menem's pardoning of the military leaders responsible for the excesses committed during Argentina's dirty war. However, this was hardly "the only genocide recorded in Argentine history."

In 1878, the Argentine war minister, Julio Roca, formulated a plan to bring peace and civilization to northern Patagonia. His forces, in less than a year, exterminated tens of thousands of Indians and depopulated the region for eventual colonization by European immigrants. Julio Roca achieved such acclaim for this that in 1880 he became president of the Argentine Republic. And it is unfair to impute complicity in the dirty war to the Roman Catholic Church — priests and nuns were killed and tortured for speaking out.

THOMAS ANDREW O'KEEFE.
Oxford, England.

How sadly ironic that democratically elected "leaders" like President Menem refuse to learn from history, and choose to ignore their peoples' sacrifices no matter what price was paid to acquire democracy and freedom from military dictators. The ugly paradox may be that in an effort to assure his political survival, Mr. Menem may be resorting to military revival, ultimately at the cost of his people's rights and his own presidency.

KAILASH JAJODIA.
Baroda, India.

But He Will Still Be There, Angry, Bitter, on the Edge

By Richard Reeves

NEW YORK — War has changed as much as everyday life over the past two decades; the new technologies are both wonderful and merciless. There is a terrible symbolism in the fact that it is in Arabia, in the land of Islam, that the United States, the agent of change in the world, is trying to destroy (or decapitate) a half-modern Muslim nation with new weapons we call "smart."

It is symbolic, too, or ironic, that one of the best current analyses of the events in the Gulf does not mention the war going on there. "Our Universal Civilization," by V.S. Naipaul in the current New York Review of Books, is an attempt to come to grips with the conflict between "the West," or universal modernity and change, and the angry passion of fundamental, or medieval, Islam.

MEANWHILE

Iraq? Kuwait? George Bush? Saddam Hussein? Places and names are not central to what Mr. Naipaul is writing about. Or speaking about, since the piece is adapted from a lecture at the Manhattan Institute. Passing events are like sands in the desert, like the confrontations between the Crusaders from the West and the Arab defenders of the East in the thousand-year struggle over holy places and ideas, old and new. You cannot read or think about his speech without realizing that this new crusade, too, will come to no good end.

Mr. Naipaul begins by remembering an encounter 11 years ago in Java — in Indonesia, a Muslim country — with a young man, already 28 years old, who wanted above everything to be a poet. But he could not tell this to his mother, though she was a woman of culture.

As the young man's professor told Mr. Naipaul: "She would find this absurd. She would reject it as an impossibility." To her, a reader of the sacred texts of her culture, all the poetry necessary had been written. It had only to be learned, not changed or supplemented. If there is a Christian (or Jewish) equivalent, it would be a boy telling his mother he had decided to write a new book of the Bible.

"Islamic fundamentalism" as a modern explanation for such things or for anything at all only surfaced 10 years or so ago with the Iranian revolution. Only eight years ago, in Pakistan, I asked an important teacher there how he would preserve the old ways against the universal pressures of outside changes.

"Preserve the way people live here?" he said with a perplexed look. "Why would anyone want to to do that?"

I accepted that. Why indeed? Islam as an all-encompassing way of life, a perfect system of culture, politics and economics dictated by the Koran and interpreted by intellectually narrow religious leaders, may have worked in the hard deserts of the Middle East and the Middle Ages — but it could not truly complement modern life.

But my friend in Pakistan was wrong. Only a couple of hundred miles to the north, the men of Afghanistan were going to war against the might of the Soviet Union, because the Soviets were modernizers who wanted to change the old ways, who most particularly wanted to educate and "liberate" women. Islam was used there to reject modernity, held up as a perfect shield against change.

"Immensely satisfying, that renunciation," said Mr. Naipaul. "But it is intellectually flawed: It assumes that there will continue to be people striving out there, in the stressed world, making drugs and medicines ... "

And missile guidance systems, smart bombs and all the deadly paraphernalia to lacerate the Iraqis. The only defense for Saddam Hussein, who had been a secular, anti-fundamentalist Arab leader, was to retreat behind the old shields of perfect faith. A Moroccan journalist, quoted in Time magazine, accepted that to the point of saying: "I don't care if he is a fascist. At least he doesn't gamble and chase women."

To us, that is a world turned upside down. It means that the enemy we have chosen will not accept defeat, will call it martyrdom and victory, proof of the endless hostility of the Universal Civilization.

This time it is the United States that represents the civilization many Muslims want to reject. That is an irony in history, perhaps a great American blunder. Except as faraway ancestors of the Crusaders, we Americans have rarely touched or been touched by Islam.

"Philosophical hysteria," Mr. Naipaul's phrase, will be the reaction of the latest Islamic martyrdom to the smartness of the Universal Civilization. But if the passion cannot win, he says, it will survive in suffering and hatred.

That is what you feel walking through Palestinian refugee camps on the West Bank of the Jordan River. Quite rationally, you sense the passion of other men.

"Philosophical diffidence meets philosophical hysteria," Mr. Naipaul writes, "and the diffident man, at the end, is more in control."

In his lecture, he quoted something Joseph Conrad wrote in 1896:

"A half-naked, betel-chewing pessimist stood on the bank of the tropical river, on the edge of the still and immense forests; a man angry, powerless, empty-handed, with a cry of bitter discontent ready on his lips ... "

There are men standing at the edge of the deserts, too. They will be there still when we return home to build even smarter weapons to kill them if we think it is once again necessary.

Universal Press Syndicate.

Shouldn't you be reading commentary like this —regularly?

The Latest Aggressions From the Opinion-War Front

By Jim Hoagland

WASHINGTON — The lady from London Weekend Television was far more direct than her American cousins in the opinion-packaging business. "We have two or three points we would like you to make about the war. Can I run over them with you?"

How to resist such a bold, cutting-through-it-all question, especially when asked by Fiona Maclntosh, as melodious of voice as of name? I could not and did not. I allowed her to take me deeper into the front lines of the opinion wars here in Omphalos-on-the-Potomac, the navel-gazing center of the world.

National Public Radio's lady also called, showing flashes of Ms. Maclntosh's candor. NPR's (now withdrawn) invitation to be on a war talk show had presumed, she said, that I would fill the "hard-liner" slot on a four-person panel.

But her tone and hesitations indicated that my not making myself available for a pre-interview interview, and insufficient hard-hating in recent columns had destroyed my chances at NPR. (Sigh. I sighed.)

The Gulf war is still for now [illegible]

It matters less what you know than what point on a spectrum of opinion

entertaining, complex issues are fragmented and trivialized in the name of "diversity" of opinion. Truth (and higher ratings) will presumably emerge from the clash of viewpoints stuffed into neat pigeonholes. Everyone, including Saddam Hussein and his apologists, has his or her side of the story to tell. They are given the chance to tell it on the same basis as [illegible] on polls that tell us what to think about what we think. The polls provide a remarkable reflection of the fragmentation of American opinion.

War is the ultimate expression of the national vocation we share as a people. But the polls validate the notion that there is a separate black viewpoint on the war, a separate female point of view and so on, as if the nation were one big NPR talk show. Group interests eclipse national interest in these samplings.

With the Gulf war, the Information Age arrives on the battlefield. Smart weapons, real-time electronic [illegible] Monday that the war could last "months." Exceeding expectations is a predictable war aim for the post-Vietnam Pentagon brass.

A war, as much as George Bush or Saddam Hussein, has its own image. It has its own agents of perception and persuasion who record it as effective and virtuous or sweaty and futile. All of us, and the opinions we hold and announce, are the products of our dreams as well as our experiences, our wishes as well as our knowledge. Readers and viewers will do well to keep that humble caveat in mind as the opinion wars escalate.

The Washington Post.

A Turning of Tehran's Coat Cannot Be Ruled Out

By Omar al-Hassan

LONDON — If the first rule of self-preservation is to know thine enemy, the forces at war in the Gulf must keep in focus the most unlikely changes of course.

A thickening fog, slowly descending on the region, is likely to obscure present loyalties. And when that fog lifts, there could be a return to the well-trodden path which, however precariously, links Arab to Arab and Muslim to Muslim.

The United States has executed the political aspects of the war with finesse and with a success surprising to many onlookers. It has achieved the unthinkable, forging an alliance that crosses borders and religions, linking the Muslim world with the West against an Arab Muslim state.

Yet no matter how hard the United States and its Western allies attempt to bend the Muslim creatures into this new order, Saddam Hussein has already [illegible] versal, at street level at least, of the more familiar order. That Iraq invaded a fellow Arab and Muslim state becomes obscured in the fog of war. Saddam has appealed to the Muslim world with relentless declamation against "imperialism, Zionist aggression," the "U.S. law of hegemony and domination" and the "treacherous plot" in "a battle between infidelity and belief ... between the good believers and the evil, corrupt ones."

The cry has met with a deep response, not because Saddam is a latter-day Nasser but because the perception of the war is now that of the West versus the Muslim world.

Nowhere is this more strikingly visible than in Iran, where foe is now friend. In Qom and Tehran, thousands have demonstrated against the "Western" attack on Muslim Iraq. Officially, [illegible] not gone to Iraq's [illegible] ans do not see themselves as compliant puppets in Saddam Hussein's grand schemes. The Rafsanjani administration has kept the same demands: the removal of all foreign forces from the region and an immediate Iraqi withdrawal from Kuwait.

But war brings stages. There is public protest at the death of Shiite Muslims (65 percent of Iraq is Shiite) and at the threat to Islamic holy sites.

For now, Iran is unlikely to join an erstwhile enemy, something that President Hashemi Rafsanjani said Friday would be "suicidal."

But while the United States has made extensive efforts to deter Israel from retaliating against Iraqi missile attacks, the explanation has been only partial. For much as the allied forces are anxious to keep the coalition together, they are just as eager to keep [illegible] sion of an Islamic notion at Western hands. A determined populace might push the government to act.

The Iranian government — which has never renounced the anti-Western, anti-Zionist colorations of the 1979 revolution — might see other reasons to join with Iraq. It could reassert its dominance in the region by taking up arms as defender of Muslims. And it might finally eclipse Saudi Arabia in the rivalry for Islamic dominance.

As costumes gradually change, the allied forces already have at least one hand tied behind the back: They hope for a quick war, partly to help keep the lid on bubbling Islamic sentiment. But war, whether a short one with dramatic damage or a longer one involving protracted land battles, will slice a deep wound into the region, leaving an enduring scar across Western-Islamic relations.

It is essential that the leadership of [illegible]

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WAR IN THE GULF: Baghdad threatens Muslim attacks will make Bush a 'hostage'

Iraqi Letter to UN: 324 Civilians Killed

By Paul Lewis
New York Times Service

UNITED NATIONS, New York — Iraq claimed Monday that the United States and other allied air forces have killed at least 324 civilians, wounded 416 and damaged or destroyed religious, cultural and residential buildings during their aerial bombardment of that country.

The Iraqi claims were made in a letter from Foreign Minister Tariq Aziz to the United Nations secretary-general, Javier Pérez de Cuéllar. It also said Baghdad held Mr. Pérez de Cuéllar personally responsible "to history and to mankind" for the civilian death and destruction it said the raids were causing.

At a time when the allied air forces claim to be bombing only military targets with pinpoint accuracy, the Iraqi letter spoke of "deliberate and brutal attacks launched on behalf of the United Nations by the forces of the criminal Zionist imperialist alliance on civilian, economic, humanitarian, medical, cultural and religious targets and on citizens and their families in all parts of Iraq."

The letter, which gave no information about damage suffered by military targets, claimed that between Jan. 17 and 21, allied air forces mounted 74 bombing missions that resulted in loss of civilian life or damage to civil buildings and installations.

It said the single greatest loss of civilian life occurred Jan. 21 in a raid on "residential neighborhoods "in the sacred Shia towns of Najaf and Kufa, about five kilometers (three miles) apart in southwestern Iraq, when 144 were killed.

Iraq claimed the second largest loss came Jan. 19 in the western province of Anbar, when, it says, 25 civilians were killed by bombs and nine wounded.

■ Bush Is Threatened

Compiled by Our Staff From Dispatches

Iraq said Monday that Arab and Muslim terror attacks on allied interests around the world would make President George Bush a "hostage in his black house," news agencies reported from Nicosia.

Baghdad radio, monitored in Cyprus, warned that Iraq would carry the war beyond its borders, saying it had a "strong arm capable of reaching all places."

The radio on Sunday night threatened President Hosni Mubarak of Egypt with assassination. It has also attacked King Fahd of Saudi Arabia.

"The Egyptian people, who have a rich legacy of Arabism, struggle and history, have said their word and issued their verdict" on Mr. Mubarak, the broadcast said.

"They carried out their verdict on his predecessor Sadat. Hence, Hosni's date with death will not be far away."

President Saddam Hussein of Iraq called last week on Arabs and Muslims throughout the world to launch an Islamic jihad against the United States and its war allies.

Iraqi radio commentators said Monday that "national and Islamic groups are moving to the phase of guerrilla activity to start crushing hits on the interests of America and its allies and make Bush a hostage in his black house."

(Reuters, NYT, AP)

Saudis Suspect Iraq Seized CBS Crew

Reuters

NEW YORK — CBS News reported Monday that a senior Saudi official said he believed that Iraqi troops could have seized the correspondent Bob Simon and members of a news crew who disappeared near the Saudi-Kuwait border on Jan. 21.

CBS quoted the official as saying an Iraqi deserter had volunteered during questioning that four foreigners had been taken into custody by elite Iraqi troops.

"The Saudi official said he believes the four could be Simon's crew," CBS said in the brief report.

The report made no mention of what might have happened since to Mr. Simon; a producer, Peter Bluff; a cameraman, Roberto Alvarez, and a soundman, Juan Caldera.

Saudi Defense Ministry officials have said the CBS car was found abandoned in an area close to where the borders of Iraq, Kuwait and Saudi Arabia meet.

Ali Mohammed/The Associated Press

A Palestinian bending under the burden of a large suitcase Monday as he leaves Iraq for Jordan's border crossing control point.

Life in Baghdad Gets Rockier, Travelers Report

By Alan Cowell
New York Times Service

AMMAN, Jordan — Travelers arriving from Iraq reported increasingly difficult living conditions Monday among civilians in Baghdad, and health officials here warned for the first time of a risk of epidemic, possibly cholera.

Reports from Baghdad, mainly from the trickle of travelers crossing the border with Jordan, speak of a city without electricity, garbage disposal and piped water supplies.

"Our concern in such circumstances is that people could contract cholera or other diseases related to poor sanitation," a relief official said.

Jean-Luc Jacquemet, a French physician with the Doctors of the World medical aid organization, said poor nutrition would lower resistance to infections carried by untreated water. It remains unclear, however, how many of Baghdad's prewar residents — estimated at 4.5 million — had remained in the city after the onset of allied bombing and missile attacks.

Jordan is the only one of Baghdad's neighbors that has tilted openly toward President Saddam Hussein in the Gulf crisis, and most of the few word-of-mouth reports emerging about conditions in Baghdad have been made by travelers arriving here.

Iraq slightly eased border restrictions with Jordan on Monday, permitting several hundred Jordanians, trapped on the freezing desert frontier for four days, to pass through, but leaving several thousand war fugitives of other nationalities — thought to be mainly Egyptians — stranded.

Iraq has said Arabs wishing to leave Iraq must have a special exit permit and has told many of those waiting at the border to drive the 500 miles (750 kilometers) back to Baghdad to get one.

While those strictures apparently were softened for Jordanians, Syria, a member of the U.S.-dominated anti-Iraq coalition, has begun enforcing new border restrictions, raising worries here that Jordan might soon find itself virtually severed from the outside world as its confronts dwindling reserves of fuel and money.

Jordanian officials said Syria refused entry to many Jordanians for the second consecutive day but had not explained the move. Syrian and Jordanian media have traded bitter accusations about the positions the two Arab neighbors have taken in the Gulf crisis.

The restrictions are particularly troubling, officials said, because all Jordan's trade routes are now afflicted with troubles, deepening a sense of isolation here.

Saudi Arabia refuses to allow Jordanian trucks onto its soil because of Amman's leaning towards Baghdad; the tanker-truck traffic — Jordan's only fuel supply — from Baghdad has been limited by the border restrictions, forcing Jordan to draw down reserves and contemplate rationing; commercial shipping is avoiding Jordan's only port at Aqaba because of high war insurance rates; and, to the West, Jordan is still technically at war with Israel.

The problems, falling on top of a prewar economic crisis, provide one of several explanations for King Hussein's repeated calls for a cease-fire and diplomacy.

In meetings with French and Spanish reporters Sunday, however, the king said there seemed little prospect of negotiation. Iraq itself has maintained its defiance, insisting that occupied Kuwait is its 19th province and that Baghdad will triumph in what it calls "the mother of all battles."

LISTEN: *Word From Baghdad*

(Continued from page 1)

world. Even his own commanders don't really know what's going on in there.

"But if you want to know what Saddam is going to do, just listen to Saddam. He has telegraphed everything he's done since the day he invaded Kuwait, and so far he's broken no promises. Study his speeches from the last five months, and especially the last five days before the war began. There really have been no surprises."

Indeed, during a speech he made to a group of Islamic fundamentalists in Baghdad on Jan. 11, six days before the war began, Mr. Hussein said that his forces would remain on the defensive until well after the allied forces had unleashed their initial aerial assault.

"If you go to the operations theater now, you will see only a few soldiers," Mr. Hussein said that day. "You will not see all those thousands of tanks or the million soldiers, except rarely, for all the others are safely dug underground.

"After the bombardment, and when the enemy tanks and ground forces advance, the boys will come out and fight."

During that speech, Mr. Hussein hinted strongly at his grim prisoner-of-war policy, which took the world by surprise two weeks later, when the Iraqi military displayed captured allied pilots on television, some of them apparently beaten. Anyone parachuting onto Iraqi soil, Mr. Hussein vowed, will be permitted to land "so as to show them something they had not experienced."

The Iraqi ruler also explained in detail how he would maintain command control over his troops and air force, even if allied raids severed his principal communications links. His military, he said, had been training for more than a year "to overcome the enemies' attempt to jam communications between the command and the fighters." He added that his Scud missile launching crews and fighter pilots had instructions that needed no verification from the high command.

But that speech was just the final set of insights into Mr. Hussein's battle plans.

A half dozen times before the first Scud was launched at Tel Aviv, Mr. Hussein and his state-run media had specifically warned that he would shower Israel with missiles within hours of an allied first strike.

As long ago as Aug. 8, a front-page headline in the Baghdad Observer said, "Saddam Hussein Threatens to Launch Missile Attack Against Israel" if the United States took military action in the Gulf.

Mr. Hussein also let it be known last October that he would blow up Kuwaiti oil facilities if and when war broke out, leaking a story to the Western press Oct. 25 that Iraqi engineers had attached explosives to a third of Kuwait's 1,000 oil wells as a precaution against attack.

The official Iraqi press agency, INA, quoted Mr. Hussein on Nov. 8 as issuing additional warnings that he has only partly fulfilled — that all multinational forces in Saudi Arabia would be targeted by Iraqi missiles if U.S. troops attacked from Saudi soil and that he would turn the Arabian Peninsula into ashes and the Gulf oilfields into "a sea of fire."

The Iraqis privately confirmed reports from Washington in October that Mr. Hussein's arsenal included fuel-expansion bombs, weapons that create fireballs that some say are similar to those caused by small nuclear explosions. Most analysts have interpreted Iraq's "sea of fire" threat to mean that Saudi oil fields would be the targets for expansion bombs, probably delivered by airborne suicide squads.

The threat of suicide attacks, repeated in an INA dispatch a few days after war began, illustrates the difficulty that most Westerners have in reading Mr. Hussein through his own words, several analysts and diplomats said.

"One really has to cut through all the rhetoric and boastful claims — all of his tirades about infidels and holy war and threats to feed American pilots to the dogs," said a Western military analyst who until recently was based in Baghdad.

"It throws a lot of people off and distracts them from the real information that Saddam is giving out. But the information is there. Even now, Saddam hasn't done anything he hasn't told us he was going to do days, weeks or months ago."

Saudi Schools Stay Shut

Reuters

RIYADH — Saudi Arabia on Monday ordered schools and universities to remain closed for another three weeks, until Feb. 16.

MARCH 4

OPENING KEYNOTE ADDRESS
Jozsef Antall, Prime Minister, Hungary*

THE GEOPOLITICS OF OIL
Anthony Sampson, Journalist and International Writer, London

RESTRUCTURING THE STATE COMPANIES
Dr Jozsef Toth, Managing Director, Mineralimpex, Budapest
Senior Executive, OMV AG, Vienna*

EMERGING PATTERNS OF SUPPLY & DEMAND
Dr Burckhard Bergmann, Member of the Executive Board, Ruhrgas AG, Essen
Robert Skinner, Director, Office of Long-Term Cooperation & Policy Analysis, International Energy Agency, Paris
Dr Alexey Yakushin, Chief of Energy Group, Institute for International Economic & Political Studies, USSR Academy of Science, Moscow
Roland Williams, Managing Director, Shell International Gas Ltd & Shell Coal International Ltd, London
Moderator: **Dr Herman Franssen,** Economic Advisor of HE the Minister of Petroleum & Minerals, The Sultanate of Oman

Lunch hosted by Metallgesellschaft AG
Speaker: **Dr Heinz Schimmelbusch,** Chairman, Metallgesellschaft AG, Frankfurt

ENERGY EXPLORATION: LAWS, LABOR & LOGISTICS
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Alfred Boulos, Senior Director, Exploration & Production, International, Conoco Inc, Houston
Dr Elena Dyachkova, Senior Adviser, Institute of Geology of Foreign Countries, Moscow
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Hussein Linjawi, President Designate and Chief Executive Officer, Samarec, Jeddah*
Dr István Sokoral, General Manager, Afor Petroleum Products, Budapest

Cocktail reception hosted by Mineralkompor

MARCH 5

KEYNOTE ADDRESS
Prof Dr Subroto, Secretary General, OPEC, Vienna

THE CLASH OF BUSINESS CULTURES
Mark Elliott, Vice President & Regional Coordinator, Europe, Africa & Middle East Division, Chevron International, London
Lucio Lussu, Director, International Activities, ENI, Rome
A. Troitsky, Deputy Chairman, Gosplan, Moscow*
Istvan Zsengeller, General Manager, OKGT, Budapest
Dr Gyorgy Szabo, Deputy Director General, OKGT, Budapest

ENVIRONMENTAL PRIORITIES & PRESSURES
Dr Marilies Flemming, Minister of Environment, Austria
Josef Vavrousek, Minister Chairman of the Federal Commission of Environment, Czechoslovakia
Tom Burke, Director, The Green Alliance, London

Lunch

EASTERN & CENTRAL EUROPE: TURNING AROUND THE ECONOMIES
Rimmer de Vries, Managing Director, JP Morgan, New York

FINDING THE FUNDS TO FINANCE THE FUTURE
Dr Ottokarl Finsterwalder, Member of the Board of Managing Directors, Creditanstalt Bankverein, Vienna
Dr Marek Kulczycki, Director of the Department of Foreign Cooperation, Ministry of Foreign Economic Relations, Poland
Miklos Nemeth, Former Prime Minister, Hungary*
Moderator: **Humphrey Harrison,** Managing Director, Europe Energy Environment Ltd, London

JOINT VENTURES: MANAGEMENT & MONEY
Eberhard von Koerber, Executive Vice President, ABB Asea Brown Boveri Ltd, Zurich
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WAR IN THE GULF: Germany focuses on illegal arms exports and moves to step up surveillance

Martin Neagle/The Associated Press

A student in Manama, Bahrain, wearing a makeshift gas mask fashioned from a soft-drink can and a piece of plastic sheeting. Manufactured gas masks are not for sale on the open market.

Japan Faces a Moment of Truth in a Post-Cold War World

By Steven R. Weisman
New York Times Service

NEWS ANALYSIS

TOKYO — Japan's response to the Gulf war is being seen increasingly as a defining moment for Tokyo in the post-Cold War world order.

That response so far has been marked by anguished debates about what Japan's role should be, with its actions until now limited to some financial aid and the promise of more.

But perhaps the most striking aspect of Japan's behavior is the growing perception that its citizens see little at stake for themselves in the war's outcome, despite their dependence on Middle East oil.

On the surface, as usual, the arguments here revolve around the constraints arising from Tokyo's postwar pacifist tradition and its constitutional renunciation of the use of force. Constantly fearful of generating hostility among its Asian neighbors, Japan clings more tightly than ever to these pillars of its identity.

But a much deeper struggle over the war is under way. It is one in which Japan is trying to balance public anxiety over involvement against the widespread fear of angering its longtime patron, the United States.

To be sure, Prime Minister Toshiki Kaifu has repeatedly denounced Iraq's invasion of Kuwait, and there is some discussion in Tokyo of the rightness or wrongness of fighting aggression. But many more Japanese are behaving according to the dictates of an old folk phrase: *taigan no kaji* — fire on the other side of the river. And resentment that Japan is being drawn in is starting to show.

Last week, Mr. Kaifu announced his intention to add $9 billion to the $4 billion package of economic and quasi-military aid appropriated so far. The United States welcomed the pledge, but there were concerns. Legislative approval is not a sure thing.

And less than half the funds set aside so far have been disbursed, partly because of strings attached by Tokyo. None of the aid is supposed to be used for anything related to combat, for instance. The United States is appealing to Tokyo to lift the restrictions — so far to no avail.

Lately, internal critics of Tokyo's slowness to act have become harsh in their judgments.

"If I were an American, I would see Japan as not reliable as a friend," said Masashi Nishihara, professor of international relations at the National Defense Academy.

"When I saw the faces of the POWs on television, I thought, 'My God, the Americans must be thinking very critically of the Japanese writing their checks and not suffering along with them.' "

The proponents of a Japanese role argue not so much that the cause is just as that Tokyo must do something to avoid criticism. Typical was the warning of Michio Watanabe, a leader of the governing Liberal Democratic Party, that Japan risked becoming an international "orphan" in world opinion if it ignored appeals for help.

"The Japanese people don't want to shed their own blood or sweat themselves," he said. " 'Let's have the foreigners do it' — that's what they think."

In addition, there appears to be rising public opposition, particularly from business and consumer groups, to Mr. Kaifu's plans to raise the cash by issuing a bond and repaying it with a new tax, perhaps on energy.

Despite repeated U.S. requests for a direct role in the Gulf, Tokyo has shied away. Mr. Kaifu's initial proposal to send 1,000 military men in noncombat roles was killed last year by a public outcry. Last week, he ordered "preparations" for military planes to airlift refugees from the war zone, but some officials doubted the initiative would get anywhere.

Many in the government are afraid that if it did, opposition parties whose votes are needed in parliament would withdraw their support of the money package. Others fear Japanese businessmen and diplomats abroad would be subjected to terrorism.

It has become increasingly evident that Japan's temporizing is serving its sense of self-interest. This, in turn, has dismayed many, including the U.S. ambassador, Michael H. Armacost, who reminded Japan recently that "impressions forged in a major international crisis like this one do tend to have a durable, lasting effect."

Before war erupted, for instance, Japanese officials said the one thing they wanted to avoid was the impression Japan was capable of acting only under U.S. pressure. Then the war broke out, and Japan became paralyzed over what to do.

Tokyo sent Finance Minister Ryutaro Hashimoto to ask the United States what it wanted, and only then did Japan come up with a sum of aid to supply. No matter how hard they try, the Japanese seem to end up looking as if they are acting in response to pressure.

The idea that they do not see they have much at stake in the Gulf, other than preserving ties with the United States, might seem to contradict the fact that Japan, more than any other country, depends on Middle East oil — for 70 percent of its supplies.

But since the Iraqi invasion in August, Japanese have been hearing cautious but bullish reports from their economic mandarins about prospects for weathering the storm.

And in recent decades, Japan has gained quite a lot of experience dealing with Middle East countries, not through its political and diplomatic establishment but through its commerce. No one has said so bluntly, but businessmen privately indicate that it makes little difference which sheikhs or dictators own the oil fields — they all have to sell their oil somewhere.

Even Japanese diplomats say there is no tradition of Japan's standing up for a set of values, so it is not surprising that the blitzkrieg in Kuwait did not move the Japanese. In any case, there is also a feeling Washington has met the problem with too much force.

There are those in Japan who see the entire paralysis as a function of the current weakness of Mr. Kaifu, a politician beholden to a handful of power brokers jockeying among themselves.

But this too assumes that inside the bloated and inactive Japanese system is a lithe and aggressive foreign policy somehow struggling to get out. Perhaps it is time, then, to recognize that Japan's aloofness toward the Gulf is in fact the policy most people want.

Few economies appear poised to benefit as much as Japan's in the event of a brief Gulf war. Page 11.

Bonn Weighs Phone Taps to Monitor Arms Trade

Reuters

BONN — The German government, under fire because German firms helped arm Iraq, may allow intelligence agents to eavesdrop on companies suspected of illegal arms exports.

The Interior Ministry said Monday that officials had drafted proposals to allow phone tapping and other surveillance of suspect companies.

The proposals will be given to Chancellor Helmut Kohl's cabinet next week as part of a package of measures to tighten restrictions on arms exports.

Economics Minister Jürgen Möllemann said the government might also start seizing the profits of companies found guilty of violating arms export laws.

Lutz Stavenhagen, the official in Mr. Kohl's office responsible for the security services, said counterintelligence agents should be authorized to monitor arms companies.

"We need early, preventive observation by the counterintelligence service, such as we already have for espionage and terrorism," Mr. Stavenhagen said. "It is simply a question of catching the people who do these things which are utterly morally repugnant."

Mr. Stavenhagen said surveillance would include the use of bugging devices.

Surveillance by the Office for the Protection of the Constitution, as Germany's domestic counterintelligence is known, is a sensitive political issue. It operates under tighter constraints than the foreign intelligence service.

Until now, most initial information about the activities of German firms has come from other Western intelligence agencies.

German officials have investigated 110 firms suspected of having sold Iraq arms and equipment for producing chemical and biological weapons.

Iraq is believed to have had help from West German firms and East Germany's Communist military in expanding the range of its Soviet-made Scud missiles to enable them to reach Israel.

Mr. Möllemann and other Free Democratic Party members of Mr. Kohl's coalition oppose the use of the counterintelligence service, but the cabinet is united in its desire to tighten arms export laws.

"We must seize the profits made from such business," Mr. Möllemann said, "and we must introduce stiffer punishments."

Foreign Minister Hans-Dietrich Genscher, the most prominent member of the opposition Free Democratic Party, said that Germany had extremely tight restrictions on arms exports and that there had been none to Iraq with government approval for 30 years.

"The important thing, and it is so terrible," he said in a radio interview, "is that Germans were prepared to assist in Saddam Hussein's production of poison gas in violation of our laws."

Mr. Genscher said that people found guilty of such illegal exports should be treated as accessories to genocide.

"Anyone who gives these weapons to an unscrupulous dictator or makes it possible for him to deploy them becomes an accessory to murder," he said.

Tokyo, Resisting the Opposition, Won't Say if Fund Can Go for Arms

Compiled by Our Staff From Dispatches

TOKYO — Despite sharp pressure from opposition parties, the government refused to say Monday whether its $9 billion contribution to the U.S.-led Gulf forces could be used for weapons and ammunition.

A cabinet spokesman said that the allocation of the funds — in addition to $4 billion in aid already pledged — could be decided only in consultation with the Gulf Cooperation Council, which consists of six Gulf countries.

The leader of the Japan Socialist Party, Takako Doi, said the plan to increase aid was a serious threat to Japan's postwar constitution, which renounces war.

The additional aid "is an outright, direct cooperation with war and violates the constitution," the leader of the main opposition party said Monday.

"Even if this is a war for justice with UN backing, it could still shed a tremendous amount of blood," Ms. Doi said.

The cabinet spokesman was asked whether Tokyo would request that the Gulf council countries not use Japanese aid for combat purposes, but instead for food, transportation or other support operations. "We have not yet decided on our position about how the money should be used and whether we should set preconditions," he said.

Despite the government's pledge to allocate the contributions by April, the opposition can block the legislation needed to finance the package because it holds a combined majority in the parliament's upper house.

In its previous aid package, which included $2 billion for the multinational forces, the government was obliged to promise that the money would be used only for nonmilitary purposes. That package also included $2 billion to aid nations hurt by the embargo against Iraq.

Ms. Doi further criticized the government's decision to use military planes to help carry refugees from Amman, Jordan, to Cairo. She said that also violated the constitution. "We Japanese have pledged that we would never behave in such a way and use our blood only for the well-being of all mankind," she said.

Ms. Doi demanded that Prime Minister Toshiki Kaifu justify the $9 billion package and clarify whether it would be used for military purposes. But Mr. Kaifu simply reiterated past statements that Japan must supply an amount commensurate with its position as an economic power.

Leaders of the governing Liberal Democratic Party decided Monday to finance the new contribution with a tax increase. A senior official said that party leaders agreed to issue short-term deficit bonds to generate the money quickly. The deficit bonds would be funded by raising petroleum and other taxes.

But Koshiro Ishida, chairman of the Clean Government Party, the second largest opposition group, said he could not approve the plan to raise taxes to finance the contribution. *(AP, AFP)*

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WAR IN THE GULF: Baghdad fires more missiles at Saudi Arabia and Israel, and allied raids hit troop concentrations.

Pentagon Says Allied Forces Can Roam Iraqi Skies at Will

By Barry James
International Herald Tribune

A Pentagon spokesman said Monday night that allied aircraft could roam Iraqi skies at will.

The spokesman, Lieutenant General Thomas W. Kelly of the Joint Chiefs of Staff, said, however, that there were not enough combat aircraft in the world to keep all of Iraqi air space covered, and it was not possible to shoot down Iraqi aircraft heading for cover in Iran.

He said there was some indication that Iraq was moving its remaining aircraft off the airfields because of "good success" by allied aircraft in hitting the bunkers in which the enemy fighters have been concealed.

Asked about reports that 65 percent of Iraqi airfields were still operational despite intensive bombing, General Kelly replied, "Yesterday only three were active, and two were being used for escape purposes."

The general said he interpreted air superiority to mean that "we can go wherever we want, whenever we want."

A British spokesman, Group Captain Niall Irving, said in Riyadh that allied air superiority was "almost being replaced by air supremacy."

"The extent to which the Iraqi Air Force is able to operate is hardly worth talking about," he said.

Although Iraq managed again to fire Scud missiles at Saudi Arabia and Israel — showering fragments on Arab communities in the West Bank and on a cucumber farm near Riyadh — General Kelly insisted that allied forces were making progress to eliminate the threat.

"All fixed Scud sites have been hit and damaged, and some have been utterly destroyed," he said. "We do not believe the fixed launchers represent a threat, and there are no indications that any Scuds have been fired from those launchers."

The fixed sites could have been used to launch a modified Scud known as the Abbas, which has a range of more than 900 kilometers (550 miles) and is believed to carry a heavier payload. The more than 50 missiles that have been fired at Israel and Saudi Arabia are all thought to have been fired from mobile launchers, which allied air forces have had difficulty tracking down and destroying.

Allied airplanes again struck Iraqi Army positions in Kuwait, losing a U.S. Marine Corps AV-8B Harrier jet to ground fire, as preparations for a ground war went on around the clock.

General Kelly said allied air forces had flown more than 2,500 missions in the previous 24 hours, bringing to more than 25,000 the total number of sorties since the war began 12 days ago.

Despite the loss of the Harrier — the first allied plane reported downed in the past three days — General Kelly said the Iraqis "are not doing a lot against us." But he told reporters it was too early to say what success the bombing campaign was having against Iraq's dug-in troops in Kuwait.

"We have seen evidence of secondary explosions," he said in an indication that strikes have hit fuel and ammunition stores. "We have seen small indications that some units are beginning to move because of the bombardment. But it is difficult to calculate the battle damage on a unit in the field that is dug in. We are building a data base and we believe we are enjoying success."

If Iraqi troops were not moving en masse, he said, "that might be because they are pinned down." Asked about the effectiveness of Iraqi artillery, he replied, "to my knowledge, every time that Iraqi artillery has fired on coalition artillery, it has been silenced."

As the U.S. aircraft continued the campaign to soften up the Iraqi forces, frontline allied troops in the northern Saudi Arabian desert dug foxholes and bunkers to protect them against Iraqi artillery attacks as they prepared for a ground war that the secretary of defense, Dick Cheney, said could come by the end of February. Army engineers raced to finish airstrips and roads needed to support the 675,000-man allied build-up.

In a somber assessment of the potential impact of a ground war, U.S. commanders have warned army doctors to expect some frontline units to suffer casualties of more than 10 percent in 30 days if current secret plans for a ground attack are carried out, according to a press pool report.

U.S. Marine Corps officers have warned that the Iraqis have turned Kuwait into "one big minefield," with 500,000 mines, buried tanks of highly explosive butane gas, oil-filled ditches and sand barriers piled 3.5 meters (12 feet) high.

In a brief respite from the gathering pace of war, U.S. troops in sand-strewn camps and on ships in the hazy Gulf gathered around radio and television sets for the Super Bowl football championship game, interspersed by a pep talk from President George Bush. Soldiers wore protective gear against chemical attacks, with gas masks at the ready.

Allied planes from nine countries — the United States, Saudi Arabia, Britain, Kuwait, France, Italy, Canada, Qatar and Bahrain — took part in missions on Monday against targets in both Kuwait and Iraq. General Kelly said they included airfields, communications links, command and control centers, Scud missile launchers and Republican Guard positions.

The Pentagon said that since the war started, the United States has had seven wounded, seven taken prisoner and seven listed as missing in action.

At sea, U.S. Navy A-6 aircraft attacked Iraqi vessels at the naval base of Umm Qasr, in Kuwait harbor and in the Bubiyan channel at the northwest tip of the Gulf, a U.S. spokesman said.

Raids Reduce Flow to Slick, U.S. Says

Compiled by Our Staff From Dispatches

DHAHRAN, Saudi Arabia — The U.S. bombing of an offshore Kuwaiti oil terminal has dramatically reduced the flow of crude oil feeding the huge slick in the Gulf, U.S. military officials here and in Washington said Monday.

Tons of salvage material and several foreign experts were being rushed to the region to start cleaning up the slick.

"It appears we have stopped the flow of oil," Brigadier General Pat M. Stevens 4th said here.

But he said confirmation was still needed, and added that the extent of the spill — estimated by the Saudi government at 11 million barrels — remained unclear.

"The oil has just about stopped," said Lieutenant General Thomas W. Kelly, of the Joint Chiefs of Staff, in Washington.

Captain David Herrington of the Navy, a senior U.S. intelligence specialist, also said at a Defense Department briefing: "Our estimate is it is probably down to a trickle, if at all."

A Saudi military spokesman, Colonel Ahmed Robayan, said the oil spill fire was "getting smaller and smaller."

Iraq disputed U.S. assertions that it was responsible for the spill. The Baghdad government said Monday that a U.S.-led attack on Kuwait on Sunday started a fire and spilled oil into the Gulf.

The United States said its warplanes attacked a Kuwaiti oil facility Saturday in an attempt to halt what Washington maintains is the intentional release of crude oil into the Gulf by Iraq. General Stevens said nothing about a second U.S. attack on the oil facilities.

The Baghdad broadcast did not mention the oil slick.

The U.S. military, acting on the advice of Kuwaiti petroleum engineers, sent F-111 bombers on Saturday to destroy pumping controls in Kuwait to stop the flow of oil.

U.S. officials expressed confidence that the attack significantly reduced the flow of crude to the 35-by-10-mile (900-square-kilometer) slick, which could threaten desalinization plants supplying water to Saudis and allied forces.

"The extent of that slick remains a little bit unclear," General Stevens said. "I assure you it is being monitored. It appears that we have stopped the flow of oil, but we continue to seek positive confirmation of that fact."

Equipment was being hurriedly marshaled Monday to fight the oil slick. A Norwegian ship with cleanup equipment was off the coast of Bahrain, and a British consortium was flying in more than 70 tons of equipment, including booms and suction skimmers.

U.S. Coast Guard and Environmental Protection Agency experts met with Saudi officials to put together a cleanup plan.

The Norwegian-owned tanker, equipped with two powerful skimmers and 1,000 meters of booms, is the only one of its size and kind outside the North Sea, according to Captain Marvin Pinto, managing director of Norpol Marine. The tanker has a capacity to swallow about a kilometer of the slick a day.

Four Norwegian oil spill experts will help direct the task, the captain said.

More booms and skimmers to vacuum up crude oil were being flown from air force bases in Britain.

Industry sources said they understood that the prime goal was to protect the inlets of Saudi water desalinization plants and of power stations, which use sea water as coolant.

The enormous installation at Jubail, in the south, puts out half of the potable water for all Saudi Arabia, including almost all of that used by Riyadh, the Saudi capital, and by the huge, Eastern Province, where the vast majority of allied troops are stationed.

Riyadh has only three to four days' supply of water on hand at any time, and the few deep wells in the surrounding country would not last long in an emergency.

The best hope of putting a limit on the harm to birds, dolphins and fish seemed to lie in stanching the flow of oil at source, officials said.

The volume of the oil slick is 11 million barrels, the Saudi government estimated Monday. That is more than twice the volume of the largest previous slick on record: the oil-well blowout in 1979 that dumped about 4.2 million barrels into the Gulf of Mexico.

(AP, AFP, Reuters, NYT)

World Headlines: Day 12

Frankfurter Allgemeine
Huge Oil Carpet in the Gulf
Frankfurter Allgemeine, Frankfurt

人民日報 Granma 毎日新聞
Pork, Vegetable Sales Increase Across-the-board
People's Daily, Beijing
U.S. Forces Bomb Pipelines to Stop Oil Spill's Spreading Damage
Mainichi Shimbun, Tokyo
Raul Castro Concluded the Eighth Conference Of the Party and the Western Army
Granma, Havana

ПРАВДА Орган Центрального Комитета КПСС
Sea of Oil Is on Fire
Pravda, Moscow

Gulf Notes

■ **South Korea is studying** the possibility of sending more military medical personnel as well aircraft maintenance crews to help the U.S.-led forces in the war, the Kyunghyang Shinmun newspaper said Monday, quoting a highly placed government source. But he added, "Even if the situation deteriorates, we will not consider sending combat troops." Seoul has sent an army medical unit with 154 personnel to the Gulf. *(UPI)*

■ **Indonesia's largest Islamic** organization, the Muhammadiyah, appealed to the government Monday to play a more active role to help find a peaceful settlement of the war. Indonesia would look for the right and good momentum to approach conflicting parties, Azhar Basyir, the Muhammadiyah's chairman, quoted President Suharto as saying. Indonesia, whose population of 179 million is nearly 90 percent Muslim, is the world's largest Islamic nation. *(UPI)*

■ **Kuwaiti naval officers** raised their country's flag over the first piece of territory recaptured from Iraq, claiming the tiny island of Qaruh in the name of their country two days after it was taken in an assault by Marines. The seamen were flown to the island aboard a U.S. Sea King helicopter Saturday, a day after the tiny stretch of land was wrested from Iraqi control. "I kissed the sand and raised the flag of my homeland," a Kuwaiti navy captain said. *(UPI)*

■ **A German Air Force jet was due** Monday to airlift about 160 Westerners from Saudi Arabia to Cologne, a German Embassy spokesman said in Riyadh. The Boeing 707, civilian in appearance but owned and operated by the air force, was taking on board Westerners at Riyadh and Dhahran in the Eastern Province, the spokesman said. *(AFP)*

■ **India said Monday** that it had been quietly allowing U.S. Air Force transport planes to refuel in Bombay en route from the Philippines to the Gulf under an agreement with Washington. "In keeping with our friendly bilateral relations with the United States, we have allowed the transit of U.S. Air Force transport aircraft through Bombay," an Indian spokesman said. *(AFP)*

DAMAGE: *Much of Iraqi War Machine Is Still Intact*

(Continued from page 1)

unexpected skill at restoring the runways at their 66 major airfields, most of which have been put out of action at one point or another in the last 12 days. Specially trained crews have been been able to fix most damaged runways, though continued bombing from U.S. and coalition forces is planned. U.S. officials said that specific airfields could be rendered unusable at any time and noted that the Iraqi Air Force has been reluctant to emerge from well-protected bunkers to try to take off.

[A Pentagon source, who declined to be identified, said the U.S. military would be "astounded" if Iraq had not put efforts into rebuilding facilities, The Associated Press reported. He said these efforts were an "enormous drain" on Iraqi war energies. He said that the allies were now able to "inflict damage with relative impunity" and that the Iraqis now lacked centralized control.]

● About 50 Iraqi Air Force planes are confirmed destroyed; allied officials said Monday that at least 80 Iraqi planes, including more than 60 fighter-bombers and more than 20 transports, were in Iran; less than 700 planes remain.

Most of them are believed to be hidden in concrete and steel bunkers that were built to NATO standards by European contractors. The bunkers and their planes can be destroyed only by a direct hit from a laser-guided 2,000-pound (900-kilogram) bomb. Iraq is believed to have enough of these bunkers hidden and dispersed to shelter its entire air force.

● Iraq's 8,000 to 9,000 pieces of high-grade anti-aircraft artillery have been largely unaffected by the coalition air campaign so far. Iraqi anti-aircraft fire has brought down three U.S. planes, and the fire has a definite psychological impact on allied pilots, officials said.

● Eleven of Iraq's 12 major petrochemical facilities, including three refineries, have received moderate damage. It is not yet clear if the damaged facilities can function or whether they can be repaired. Baghdad's normal electrical generating capacity has been destroyed.

Heavy cloud cover, particularly over Kuwait, has hampered assessments of the damage to date. Officials also said it was difficult, perhaps impossible, to measure the impact of the air attacks on the dug-in and heavily entrenched 545,000 ground troops that Iraq has deployed in and near Kuwait.

Officials said it was particularly hard to assess damage done to the entrenched elite Republican Guard divisions in a 4,000 square mile (10,000 square kilometer) area of Kuwait and Iraq — a high-priority target. There are scattered, anecdotal reports of ammunition storage dumps exploding and some other damage. Two to three dozen of the Guard's 800 tanks have been destroyed.

Publicly, U.S. officials have declined to characterize the findings of bomb damage assessments.

■ Fitzwater's Comments

U.S. officials made no attempt on Monday to deny the conclusions of the Washington Post report.

Marlin Fitzwater, the White House spokesman, said he had no statistics to compare with those that the Post reported. But he said an overall assessment of the war effort was measured in terms of the enemy's capacity to fight.

"We think that that has been very significantly reduced," Mr. Fitzwater said. "Basically, we still believe that we are making forward progress in the war, that we have air superiority, that the losses have been extremely low and that the war is going according to plan."

In Riyadh, Brigadier General Pat Stevens 4th said the allies believed they were being "quite effective" against Scud launchers, but he declined to comment specifically on the Post report. *(IHT)*

ISRAEL: *Go-Ahead Sought*

(Continued from page 1)

will soon escalate the war by launching a chemical or biological weapons attack against Israel. President Saddam Hussein of Iraq has repeatedly threatened to "burn" Israel with chemical weapons, and made a new statement to that effect over the weekend.

Speaking of an Israeli military response to the Scud attacks, a senior Israeli official said, "We would like to go — but in coordination with the United States — because we can't continue like this."

Asked if the United States was willing to agree to Israeli action, the official, who spoke on condition of anonymity, said: "We will see. We are talking to them and we will see."

Describing the change in Israel's position, another Israeli official said: "A week ago there was skepticism about what Israeli operation there could be that would be effective. Now we are convinced that we know what we could do, and it's just a question of getting the go-ahead to do it."

Defense Minister Moshe Arens has hinted at Israel's eagerness to act several times in recent days. On Monday, he said in an interview with Israel Radio: "We are ready. Yes. We had a few good months to prepare and drill." He added, "There are plans."

"A significant degree of consultation is required so we can enter the same airspace," Mr. Arens said.

■ Syria Sees 'Blackmail'

Syria accused Israel on Monday of using the war to blackmail the West and said that the flow of aid to the Jewish state would hinder the peace process in the Middle East, Reuters reported from Damascus.

Officials quoted Vice President Abdel Halim Khaddam as saying during a meeting with a German parliamentary delegation that international pressure should be maintained on Israel to make it observe United Nations resolutions on the Arab-Israeli conflict.

Allied Raids Wounded POW Pilots, Iraq Asserts

Reuters

NICOSIA — Iraq said Monday that captured foreign pilots had been wounded in allied air raids.

Iraqi authorities said last week that captured airmen were being kept at possible targets to deter attack, and Western governments argued that the use of prisoners as human shields should be considered be a war crime.

The brief announcement, monitored by the BBC, gave no nationalities for the wounded pilots. Baghdad radio attributed the report to the official Iraqi News Agency.

"As a result of the enemy air raids on populated areas and civilian targets yesterday and today, a number of captured pilots were wounded," it said. "Responsible military quarters did not indicate whether any of the injured pilots have died." It gave no further details.

Twenty-seven airmen are missing or captured in the war, according to allied figures.

Iraq said on Jan. 21 that it was keeping captured airmen at economic, scientific and other nonmilitary targets it accused the U.S. and its allies of deliberately bombing.

Iraq displayed captured airmen on television last week. They were seen with bruised faces making anti-war statements in subdued monotones that suggested they were speaking under duress.

PLANES: *A Haven in Iran*

(Continued from page 1)

could keep them somehow after the conflict is over."

Through Swiss diplomats representing U.S. interests in Tehran, Iran has transmitted assurances that it intended to intern the Iraqi planes for the duration of hostilities.

Under surveillance by U.S. aerial reconnaissance, Iraqi planes would have little chance of taking off undetected from Iran to attack U.S. forces, military sources said.

"Our air defenses are 360 degrees, not a slice of the pie," a U.S. military spokesman said in Washington. "And if those planes came up to attack our forces, I can assure you that we will attack them."

Iran seems unlikely to have reached a secret accord with Iraq at a point when Mr. Hussein seems to be losing badly, Western officials said.

An Arab diplomat said, "If Saddam somehow hoped to influence the domestic political rivalries in Tehran, with some idea that the planes' arrival would bolster hardline Muslim groups, it is another miscalculation."

In Tehran, President Hashemi Rafsanjani appears to be firmly in control because of his policy of avoiding clashes with U.S. forces in the Gulf, while signaling his government's support to Iraq's population in the form of food aid and support for Jordanian calls for a cease-fire.

Despite the rivalry between Iran and Iraq and the bitterness over their eight-year war, Tehran would worry about a power vacuum emerging on its borders if Iraq's military power was wiped out.

Ankara Imposes Curbs on Press

The Associated Press

ANKARA — Turkey on Monday imposed restrictions on foreign press coverage of allied military operations.

The limitations, already required of local newspapers, ask the foreign press corps not to provide details of troop movements or the location and type of aircraft. A government statement said the rules were aimed at protecting "the security of joint defense installations supporting the multinational force in operation against Iraq."

Turkey allows the use of its air bases by U.S.-led allied forces. Since the start of the war, U.S. warplanes have carried out more than 300 bombing sorties against Iraq from the Incirlik air base in southern Turkey.

Oslo Tightens Security For Funeral of King

Reuters

OSLO — Police are tightening security for the funeral Wednesday of King Olav V amid Iraqi threats to attack targets in the West.

About 3,000 unarmed troops will line the funeral route through central Oslo to Akershus Castle, where King Olav, who died Jan. 17 at the age of 87, will be buried.

Malaysia Urges UN to Reconsider

Reuters

KUALA LUMPUR — Malaysia is concerned about the U.S.-led coalition's bombing of Iraq and will ask the United Nations Security Council to reconsider its policy, a deputy foreign minister, Fadzil Che Wan, said Monday.

Until Dec. 31, Malaysia was a member of the council and it voted in favor of the resolution authorizing the use of force. But government officials have expressed reservations about it since war broke out on Jan. 17.

Many Muslim Malaysians, who make up more than half of the country's 17.4 million population, oppose the attacks on Iraq and accuse the government of backing Washington at the expense of a Muslim nation.

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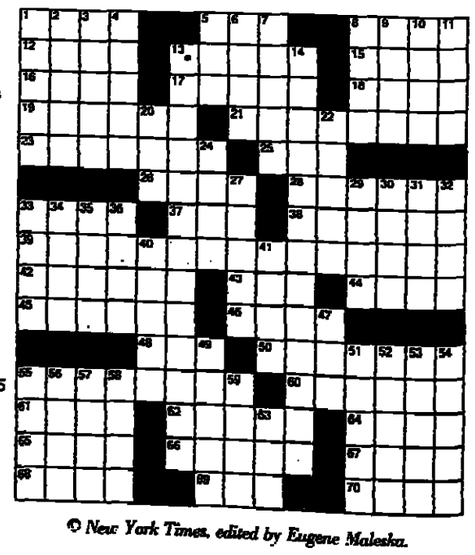
ACROSS

1 Uses a divan
5 Indistinct
8 Poet translated by FitzGerald
12 A social sci.
13 Quoted
15 Ruth or Herman
16 Actor Auberjonois
17 Daisy
18 Actress Lena of "Havana"
19 Odd
21 Brought to memory
22 The Brazilian Bombshell
25 N.B.A. arbiter
26 Excavates
28 —— Creed or Council
33 "Ma, He's Making Eyes ——"
37 —— culpa
38 Footprints
39 Portfolio item
42 Concord
43 Bossy's milieu
44 —— gin fizz
45 Nod
46 Inventor Linus: 1821-68
48 Eye: Sp.
50 Fencing maneuver
55 Power unit
60 Garden bloom
61 First place
62 Gulf of Lions feeder
64 R.I. rebel in the 1840's
65 Nosegay
66 Darned
67 Tuesday's appliance
68 Holm oak
69 Q-U connector
70 Hardy heroine

DOWN

1 Antitoxin
2 Boadicea was their queen
3 Paint-company employee
4 Indy 500 winner: 1983
5 Advice columnist Dorothy
6 Road for Romulus
7 Boston Marathon winner: 1983
8 Drachma part
9 Group of shops
10 Rose lover onstage
11 Tear
13 Mustard containers
14 Dispersed authority
20 Coda
22 Blazing
24 Antiquing device
27 Actress Struthers
29 Balmoral and 55 Down
30 Coll. subject
31 Galba's predecessor
32 Princely Italian family
33 Bluish-green shade
34 Casks
35 Months when Paris blooms
36 Gaelic
40 "Up ——," Al Smith's autobiography
41 Decade unit
47 Finial
48 Different
51 Rumor: Fr.
52 Night noise
53 U.S. satellite
54 Merits
55 De Gaulle headgear
56 Matinee ——
57 —— -majesté
58 Memento from a Mexican trip
59 Pulls along
63 Bird's target



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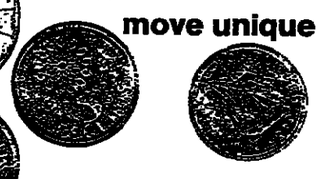
THE UNIQUE MOVE

FIRST IN A SERIES

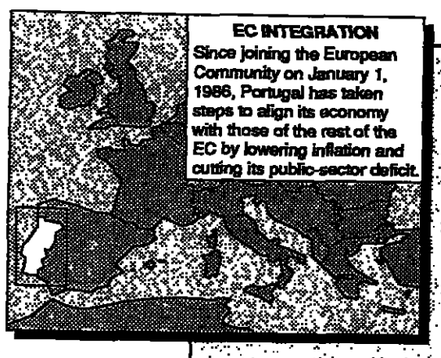
Portugal 1992

As of 1992, Portugal assumes the presidency of the European Community. This caps its emergence as a full-fledged member of the EC. Long a colonial power, then on the fringes of Continental activity, Portugal is now playing the European card to the fullest. The social, economic and political changes it implies, however, add up to a move unique in Portuguese history.



Banco de Fomento e Exterior
SEE PAGE II

TAP AIR PORTUGAL
SEE PAGE III



Claiming a Rightful Place in an Integrated Europe

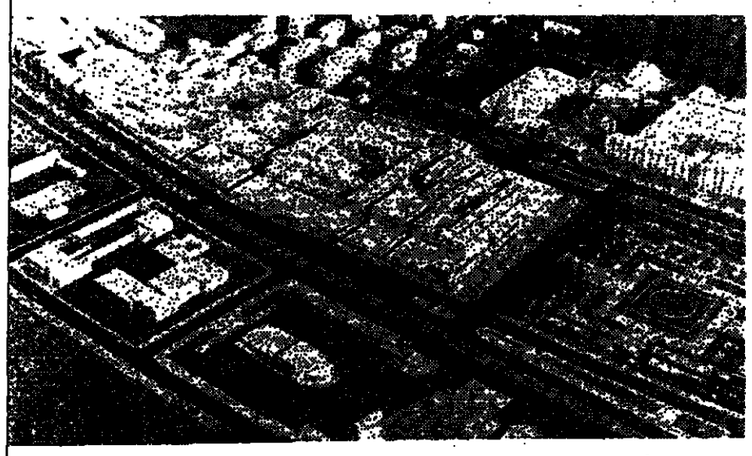
Close to a busy central Lisbon intersection, a big red-and-yellow "M" sign blazes as workmen gut what was formerly a fashionable teahouse, soon to reopen as Portugal's first McDonald's.

Less than 10 years ago, when McDonald's executives first flew in to assess the domestic market, they left empty-handed, convinced that the army of "old battered cars" they had seen on the roads signaled no immediate chance of a burger boom. Today, as Portugal enters its fifth year of EC membership, the arrival of the Big Mac is only one sign of how things have changed.

Thanks to a term of singular political stability and massive EC transfers, Portugal, once Europe's poorest nation, has moved up to overtake Greece in significant economic health indicators, including GDP.

In January 1992, Portugal takes on the EC presidency for the first time since it, along with Spain, joined the Community on Jan. 1, 1986.

On the banks of the Tagus, hard by Lisbon's famous 16th-century Jerónimos monastery, a massive concrete-and-steel testament to the country's new European commitment — the Belem cultural center — is rising. This new center, which will house the Portuguese presidency, is being touted as a watershed. Officials say it confirms the country's reawakening as a modern European nation after hundreds of years as an imperial — and sometime isolated — power.



LUSA

Mock-up of the Belem cultural center in Lisbon.

Vitor Martins, secretary of state for European integration, says the Portuguese presidency will concentrate on issues like "shocking delays" in introducing full freedom of movement for Europe's citizens. In addition, Portugal will highlight the need to create a "true citizens' Europe," bring the EC closer to its inhabitants and focus more on cultural matters.

Portugal will take command of the EC just after a round of vital national elections, polling that could put a fresh complexion on Portugal's semi-presidential power-sharing system of government.

The country is currently enjoying its most stable politics in the 16 years since the 1974 military revolt reinstated democracy and opened the way to EC membership.

On Jan. 13, voters reelected President Mário Soares, a former Socialist prime minister, as head of state in a four-way race, which he won with 74 percent of the vote — a significantly increased majority.

In October there will be a crucial general election whose outcome is less clear. At stake will be the fate of the unprecedented parliamentary majority obtained by the ruling Social Democratic Party in July 1987. At that time, and against all odds, including a complex proportional representation system constitutional experts agree aims to perpetuate unstable minority rule, the present government won a single-party majority in the 250-seat house. It thus broke a decade-long succession of revolving-door administrations and stop-go government.

Analysts, however, fear the present administration is stained by its exercise of power, burdened with the legacy of others' economic misadventures, tarnished by a handful of unpopular scandals and hampered by a range of political misjudgments. Its reelection chances are further hindered by the backdrop of an austerity budget, the aftermath of the Middle East war and untamed double-digit inflation.

Many analysts agree that a failure to repeat the government's earlier victory would be a blow. "After 15 years of upheaval and constant change, Portugal could well do with a solid and prolonged period of peace and governmental continuity," says one Western diplomat, summing up the views of those who would like to see the current government in a new term.

The postelectoral scenario, while cloudy, will nonetheless be less traumatic than in the post-1974 past. The national consensus on EC membership remains solid — some 63 percent of the country endorses it, according to one recent poll. Community transfers, structural aid, single European market-imposed economic and financial reform and liberalization are all ongoing programs, little likely to be affected by domestic political change.

Consensus politics between the two largest parties, the ruling Social Democrats and the main opposition Socialists (whose socialism is really West European Social Democracy), while not a strong point, will probably emerge as a workable alternative to a single-party parliamentary majority should this be the voters' verdict.

Meanwhile, the government has shied away from some important battles, which it could easily have won with its current majority.

Prime Minister Aníbal Cavaco Silva has, for instance, avoided tackling the overly strong unions and their restrictive labor practices despite constant demands for British-style reforms from the powerful employers' association, the Portuguese Confederation of Industry (CIP).

His failure to do so, some CIP members claim, is due to the electoral weight of the labor force. Officials at the two labor federations, Confederação Geral dos Trabalhadores Portugueses-Intersindical Nacional and União Geral dos Trabalhadores de Portugal, say some 2.5 million of the 4.6 million work force is unionized.

He has also not turned the country into a home-owning democracy, thus contributing to prolonging a critical housing shortage. Lisbon university sociologists describe Portugal's urban fabric as "rigidly immobile"; urban rents, frozen for more than half a century, have been little changed by half-hearted reforms introduced early last year.

As for external relations, attitudes toward the EC's current push for monetary and political union are mixed. Nonetheless, Mr. Soares, in a recent address, left no doubt about his interpretation of what this means.

He said: "It is not a question of ceding or transferring sovereignty, but simply the common administration of powers which member states freely agree to share, because they have become so irreversibly intertwined they are no longer able to run them apart."

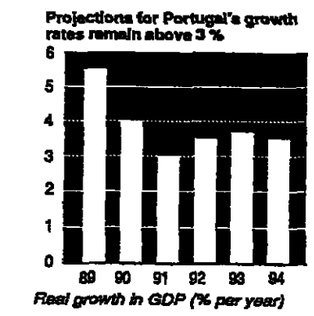
Clearly opposed to any prolonged Lisbon government delay on a firm and total commitment to monetary and political union, he appealed to Portugal to move to the "front line of the process of building Europe, contributing creative positions of its own, at all levels." He said that while it was important that decisions be carefully weighed, "excessive preoccupation with this aspect must not be allowed to become an alibi for dallying, or worse, political opportunism."

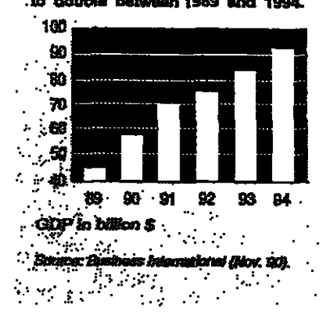
This is one of the strongest such statements ever made by Mr. Soares, who, as Portugal's Socialist prime minister, in 1977 launched the EC accession bid.

The government's official response to the push by Brussels to speed up political and monetary union has been cautious. Citing the need for safeguards and balances, it has called for a longer transitional period.

Additionally, Prime Minister Cavaco Silva has raised the issue of political union and national sovereignty. He said: "The Community must advance step by step, gradually, flexibly, pragmatically and without ruptures. Excessive speed in political integration could prompt a resurgence of nationalism."

Ken Pottinger





PERSONALITIES

Mona Lisa on Stage

Portugal has its first international movie star. She is Maria de Medeiros, a tiny 25-year-old brunette who is fond of philosophy and fine arts, but who can be seen nightly singing and dancing in the Paris rock opera "Zazou."

As Anaïs Nin in the recent film "Henry & June," Miss de Medeiros has attracted new acclaim. The film, directed by Philip Kaufman, revolves around Nin's relationships with the American writer Henry Miller and his wife, June.

Miss de Medeiros's medieval face, Mona Lisa smile and sometimes ironic but always pure gaze have catapulted this Portuguese actress to the threshold of a brilliant future in the international film industry.

N. LAPOINTELLE

From a distinguished Portuguese family, she adopted her father's middle name, Medeiros, to avoid accusations of trading on her parents' fame. Her father, Vitorino d'Almeida, is a classical music composer and a conductor who lives most of the time in Germany and Austria. Her mother, Armanda Passos, is a former journalist and now a painter.

Their daughter was raised in Vienna and studied at Lisbon's Lycee Français before continuing her education at a Portuguese university.

Already a favorite actress of the Portuguese filmmaker Manoel de Oliveira, she is also considered a leading actress by Philip Kaufman, who first saw her at the Theatre National de Paris.

She says: "To be an actress means negotiating with shame and dealing with shyness." "Henry & June" received the new NC-17 rating in the United States, and Miss de Medeiros had to play several nude scenes in the film. "I'm patient and docile," she says. "Docility is very important. Sometimes it's terrible, because I know the director is wrong. But my docility makes me see how things are, so my feelings are in constant conflict — revolt and docility — and inevitably the result is depression."

She says she is not worried about the future or constrained by definite plans.

"The only thing I know is that I have lost contact with my first loves — philosophy and painting. Sometimes I think I will end up as a painter, but I have wasted too much time. It's harder and harder to become a real painter."

Joaquim Letria

Japanese Companies Discover a New Land of Opportunity

Twenty years ago, the Japanese car manufacturer Toyota entered the Portuguese market with the slogan "We came to stay." Today, Japanese investors are fulfilling that promise with a rush on Portuguese real estate.

Real estate has become an important business in Portugal, with prices soaring and without restrictive protection laws. Spanish and Italian developers were the first to arrive, along with the British. Today the Japanese are buying into what has recently become a highly speculative market.

"Real estate is cheap in Portugal, so it's the best value for your money," says Shintaro Koboyashi, president of the Koboyashi Foundation, which has been developing commercial links between the two countries.

In 1989, total Japanese investment in Portugal came to $17 million. But in the first half of 1990 alone, this figure had risen to $70 million.

"Portugal is an established society, and labor is cheaper here than in the rest of Europe," says Mr. Koboyashi. "Portugal and Japan have had cultural and commercial relations for the past five centuries, and now we have to expand and help each other."

The chemical lab Nikken Europe and Yazaki Saltano, a Japanese-Portuguese joint venture for the production of electrical car parts, are the latest major investors in Portugal. Textiles and now banking, with the appearance of the Sumitomo Bank, are also attracting attention.

In 1990, the main Japanese investors were the Shanwa Bank Ltd., the Japanese Investment Corp., Yazaki Corp., Mitsui & Co. Ltd., Heki & Co. and Tzusuki Spinning Co.

One of the most high-profile deals currently in progress is the Japanese ARAI group's effort to purchase the Estoril car-racing circuit for an initial investment of $100 million. Estoril is a fashionable seaside resort 30 kilometers (18 miles) outside Lisbon. Its racetrack is used by the F1 racing circuit for year-round tests and training and is also the site of the Portuguese Grand Prix.

The ARAI group hopes to build apartments, hotels, a panoramic luxury restaurant, a multiple-use stadium including a cycling track, a car park and a golf course.

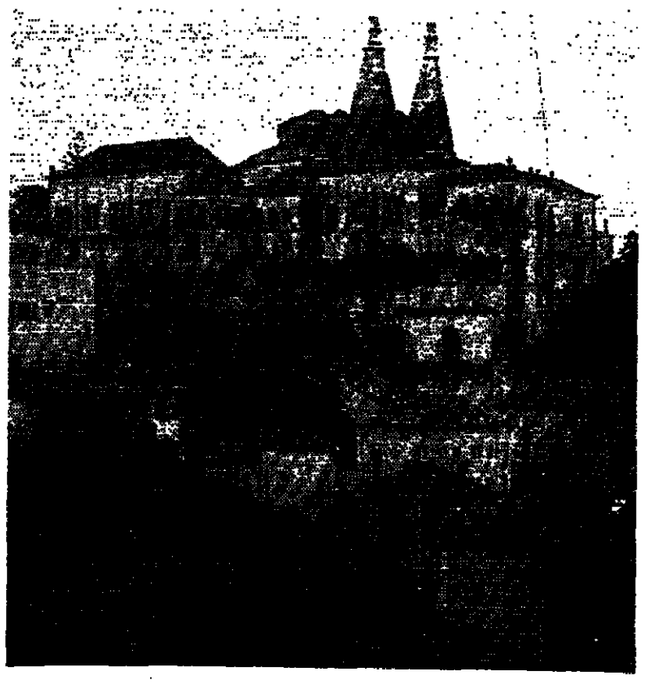
In 1995, a 17th-century farm in Sintra, a small town 45 kilometers outside Lisbon immortalized by Lord Bryon in his poems, will become a luxurious condominium. This condominium will also include luxury villas, small office blocks, a five-star hotel and a couple of apartment towers, all surrounded by an 18-hole golf course. The model for this condominium already exists in São Paulo, Brazil, where the Japanese construction group Alfacon Engineering is based. Nuno Lopes Alves, a Portuguese entrepreneur, will be associated with this project.

The Japanese are using Japanese-Brazilian personnel for business in Portugal in order to facilitate the work through a common language and mentality. Thus, Soma Construction will build the Alfacon project, which was contracted by Somalfa, owner of the entire area of 1.5 million square meters. Work is scheduled to start later this year.

Meanwhile, in the north of Portugal, there are major Japanese car and electronics factories that manufacture parts and assemble components. A first-class clinic, business and commercial centers and a luxury hotel are all scheduled to be built this year in the northern city of Oporto, financed by Japanese capital and with the expertise of Alfacon Engineering. This Japanese company is also involved in the construction of Alphaville 7, a satellite town of São Paulo, which houses the largest Japanese community outside Japan.

Joaquim Letria

Sintra, west of Lisbon, is a favored development site.



PEDRO LETRIA

Banco de Fomento e Exterior

Bank Pushes Opportunities Abroad

Banco de Fomento e Exterior SA, the 31-year-old Portuguese development bank now leading a powerful state-controlled financial group, is pushing local business to invest more aggressively abroad.

As Chairman João Salgueiro outlines the plan: "We have designed products to help local entrepreneurs in a two-pronged attack on external markets. For the European and North American markets, we offer special credit lines to help them develop their own brand names and dedicated sales outlets. For the Latin American and African markets, we can share equity positions for a fixed period, as we believe it makes sense for our entrepreneurs to get involved in direct plant and production investment there."

BFE has long experience in funding domestic investment projects. "We were the original channel for Marshall Plan aid to Portugal, and for the past 15 years, we have acted as agents for the European Free Trade Association Industrial fund for Portugal," says Mr. Salgueiro. The 25-year program ends in 2001, and so far has provided 688 loans totaling 42 billion escudos ($306 million) and creating nearly 8,000 new jobs in the country.

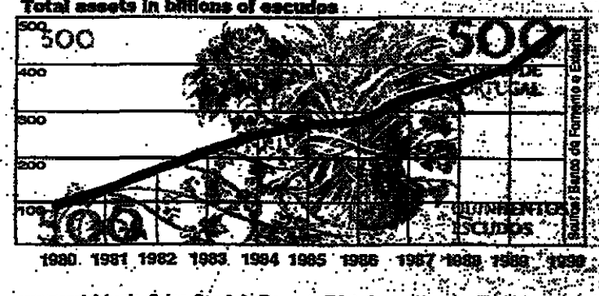
The state financial group centered on BFE, a mixed capital venture, is the second such large majority publicly owned finance group to be established by the Portuguese administration as part of its strategy for restructuring the country's financial sector in advance of the post-1992 single European market.

The group incorporates the majority state-owned export credit guarantee company, Companhia de Seguros de Créditos SA (COSEC), and the public-sector retail bank, Banco Borges e Irmão SA (BBI). It came into operation in December 1989, following reformulations of capital and name changes.

The first financial group was set up in September 1988, when the state linked the giant national mortgage and commercial bank, Caixa Geral de Depósitos EP, with the retailer Banco Nacional Ultramarino SA and Companhia de Seguros Fidelidade SA, the third-largest insurer in the country.

BFE, formerly known as Banco de Fomento Nacional EP (Portuguese National Development Bank) was changed into a public limited company and its capital increased in two stages from 10.5 billion escudos to 35 billion escudos, fully subscribed by other public-sector firms like the state holding company Investimentos Empresarias do Estado SA (IPE), the oil-refining monopoly Petrogal-Petrolíeos de Portugal EP, the paper pulp manufacturer Portucel-Empresa de Celulose e Papel de Portugal EP and the cement producer Cimpor-Cimentos de Portugal EP.

BFE also injected 12 billion escudos worth of fresh capital into BBI, which is in the process of changing its name to Banco Comercial Exterior SA. Once these measures are concluded, the consolidated new group will be formally designated during the first half of 1991, and control gross assets of some 800 billion escudos.



When the government announced the reorganization, it said BFE would acquire 51 percent of the state-owned export guarantee insurer COSEC, which has been valued at some 5 billion escudos. The state is to sell its remaining 49 percent stake to COSEC's principal financial institutions. The new group, essentially concentrating on development financing, will place greater emphasis on export financing and export promotional activities.

Independent valuations of Banco de Fomento e Exterior made in 1990 ranged between 45 billion and 55 billion escudos. Ken Pottinger

Strength Through Diversity

João Salgueiro, chairman of the Banco de Fomento e Exterior and a former Portuguese minister of finance, speaks with Ken Pottinger about the bank's current role and future direction in development.

How would you describe the Banco de Fomento e Exterior's task?

We have considerable experience in working with Portuguese domestic investors and foreign investors in Portugal involved in new projects or expansion and modernization. We were originally set up as a development bank, and since the 1960s we have been evolving this tradition.

Our main task is to help entrepreneurs with investment strategies. Sometimes we finance them directly, sometimes we advise them to go for leasing, other times we underwrite their bonds or shares in the market. But what we specifically try to do is examine the enterprise as a medium- and long-term operation and help it decide on its strategic and financial needs. For this we created a medium- and long-term export credit department some 15 years ago. It supports Portuguese exporters of equipment and capital goods, or companies involved in civil construction and public works abroad.

Is there really a business and development role for Portugal in its former African colonies?

Many Portuguese companies used to have factories abroad, mainly in Angola and Mozambique, and some in Latin America. We think it is time for them to relaunch them and to start producing goods there. As Portugal's development levels move upward, labor costs will rise and wage differentials with other EC countries close. This will oblige local entrepreneurs to transfer part of their current manufacturing processes to the developing countries. This is where we can provide encouragement and support. We plan to open representative offices in Angola and Mozambique, areas where we used to have offices and where we know the people and the country well. These countries are also very rich in natural resources and agricultural products, providing other opportunities for Portuguese joint ventures.

What is or will be the BFE group's exposure on the capital markets? What about bonds and other financing instruments?

Traditionally, we have been very active, probably the most active domestic bank on the capital markets, which we use for our own funding through bond, participation bond and cash-bond issues. We were also the only bank that issued bonds abroad before the [1974 democracy-restoring] revolution, and we were first to return to the market after the event. Additionally, the government has decided that this group should be majority [51 percent] state-owned. In principle, though, the remaining 49 percent can be sold to the private sector. We intend to take advantage of this.

Currently, the state directly owns 74 percent of our equity, and the remainder is in the hands of four state-owned companies — BFE, Cimpor, Petrogal and Portucel. The partial privatization of BFE will occur in two ways, first through the privatization of these four companies, a move already decided upon. Secondly, a further 20 percent of our equity will be directly privatized on the market or in agreements with foreign banks, and here those from neighboring Spain are not excluded. We have had some contacts on these levels. Last year, however, we decided that we should first complete the restructuring of our group before opening negotiations with any foreign banks.

BFE has been chosen to lead one of the state's financial groups. Who else is involved?

We have traditionally been a development bank, but today every bank in Portugal is a universal bank providing full-range banking services. Thus, we have joined forces with Banco Borges e Irmão and have taken an important stake in the state's export credit insurance company, COSEC. In BBI we will have two-thirds of the bank's equity; in the export credit insurance company we will hold 26 percent and be the main shareholder. The remainder will be spread among different institutions.

We also have positions in other service companies like leasing, real estate, trading and investment companies. The bank was traditionally involved in project financing and medium- and long-term export credits — our two main areas of operations.

We will complete the BBI acquisition operation this year through purchasing the increased equity base, designed to reinforce the bank's capacities. Through BBI we will be getting into the retail market, including the business of high interest-rate accounts, ATMs, home banking and other distribution innovations. We already offer such facilities on a limited basis to our best customers, but the main development thrust here will be through BBI.

We have 24 branches around the country, one per district capital. We plan to open a few more in urban and industrial areas.

BBI will be concentrating on suburban areas and small areas and around Lisbon. We will also rationalize our branch network abroad; BBI has 18 branches in France working with Portuguese emigrants. Banco de Fomento has branches in Brussels and Madrid and representative offices in Caracas and Luanda.

Is the BFE group going to eventually merge its current components along the lines of some of the new private banks?

No. Our future philosophy will not be one of merging institutions but rather of strengthening links between the group's components. Our idea is to cater to the different segments of the market. We have to provide Portuguese investors abroad with full-service banking, credit guarantees and insurance through COSEC, leasing through our leasing subsidiary, etc. We think these companies should retain their individual identity, but work closely under our umbrella.

We formally launched the new group in the first half of 1990, and announced new products in September. We will be presenting the group in its final form as soon as the takeover of BBI is completed — probably by June 1991.

How do you see banks evolving in the domestic and cross-border markets, and how will Portugal's joining of the European Monetary System affect these developments? Are you an advocate of early entry?

I think that in Portugal everybody agrees we should join the EMS as soon as possible, but on realistic terms. This means a reduction of our inflation gap with the rest of the EC. I think that by the end of this year a decision will have to be taken along the lines that either the conditions now exist to go in or some kind of special program will be needed to deal with entry, like that set up when we joined EFTA and the EC itself. If general macroeconomic conditions are not favorable by the end of this year, some kind of specific program will be designed to deal with the problem.

With the collapse of GATT, what are your feelings, as a banker, about world trade prospects? Are you optimistic or pessimistic?

I think it is very clear that Portugal, as a small and very open economy, is strongly in favor of open international trade. In relative terms we are probably the third most open economy in the EC. This started with EFTA integration in the '60s, and is one of the reasons we have not had too much difficulty in adapting to the EC.

There are some traditional export sectors like textiles and clothing that will need to be restructured if the GATT agreement is finally successful. In other words, we have to upgrade our textile and clothing industries and transfer part of our production lines to developing countries. The kind of changes the GATT negotiations impose are the kind of changes Portugal has to introduce anyway if the country wants to develop.

PEDRO LETRIA

A Congenial Climate For Foreign Investment

The presidents of Ford Europe and Volkswagen will shortly be writing some of the most eloquent words ever written on Portugal's competitive advantages for investors when they sign a contract to invest $3 billion to manufacture a new multipurpose passenger vehicle near Lisbon.

Ford Europe and Volkswagen's choice of Portugal for one of the most prized industrial projects in Europe, involving 5,000 new jobs and a target production of 180,000 vehicles a year, highlights the attractions that have been drawing foreign investors at an unprecedented rate for the past four years.

Total foreign investment, which has doubled every year since 1987, was expected to reach more than 700 billion escudos ($5 billion) in 1990, more than in the previous 10 years combined. The Ford-Volkswagen joint venture, the biggest foreign investment ever made in Portugal, will ensure that 1991 is another record-breaking year.

The advantages attracting investors include a young, flexible work force with the best strike record in Europe and the lowest wages. The United States Bureau of Labor Statistics forecasts that Portuguese workers will earn an average wage of $3.80 an hour in 1991, less than a quarter that of their counterparts in France or Italy.

Allied to efficient management and modern technology, Portuguese employees achieve productivity levels to equal the best in Europe. In addition, Portugal's EC membership makes it a low-cost production center for tariff- and quota-free export to the rest of the Community, an edge the government is marketing successfully in Japan and the United States.

Key among Portugal's attractions for foreign investors is the high level of incentives on offer. Before giving the final go-ahead for their project, Ford and Volkswagen are waiting for Brussels to approve EC funding for approximately 70 percent of a $1.1 billion incentive package they have negotiated with the Lisbon government.

The incentives include corporate tax reductions, support for professional training and cash grants for investing in the underdeveloped Setúbal region south of Lisbon.

Although Lisbon officials expect European carmakers such as Renault and Fiat to lobby against massive Community aid for an enterprise involving an arguably non-EC competitor such as Ford Europe, they are confident that the strategic importance of the project for Portuguese industry will ensure the support of Brussels.

Says António Neto da Silva, the secretary of state for foreign trade: "The simple truth is that if we don't secure this project for Europe now, the Japanese will fill the gap in the market as trade barriers are dismantled over the next few years."

Mr. Neto da Silva also acknowledges that greater selectivity is being exercised over the awarding of investment incentives as soaring investment, both foreign and domestic, strains the government's capacity for providing grants out of EC funds.

Over the past two years, Portugal, subsidiarily aided by the EC, has paid out more than 124 billion escudos in regional investment and industrial modernization grants alone. This represents 25 percent of a total investment of some 497 billion escudos involved in more than 3,500 projects. In 1990, about 10 percent of incentives were awarded to major foreign investors.

GUILHERME VENANCIO/LUSA

António Neto da Silva, secretary of state for foreign trade.

In a recent example of the government's more rigorous approach to incentives, Mr. Neto da Silva said no special support was offered to a division of Ford Motor Company interested in building a 10 billion escudo plant producing ignition systems and injection pumps in Portugal because officials concluded that the project would not bring sufficient benefits to the economy. Ford diverted the investment to Hungary.

In 1989, however, Lisbon awarded Ford's electronics division incentives amounting to 52 percent of a 22.3 billion escudo investment to produce in-car stereo systems near Setúbal. Crucial factors in the decision to offer high incentives were the 1,700 new jobs the project will create and the stimulus it will provide for developing Portuguese supply and service industries.

Incentives equal to 32 percent of a total investment of 4.2 billion escudos were granted to Finland's Valmet Corporation for another Setúbal-area plant that will produce 5,000 tractors a year. Mario Hirose, director of the project, says that Portugal's offering of the best incentives in Europe was crucial to his company's decision to invest.

Other companies view incentives as an additional benefit to be considered only after deciding which country offers the best long-term competitive potential for an investment project. Delco Remy, a division of General Motors, is benefiting from incentives worth 45 percent of a 9.4 billion escudo investment in manufacturing ignition systems in Portugal.

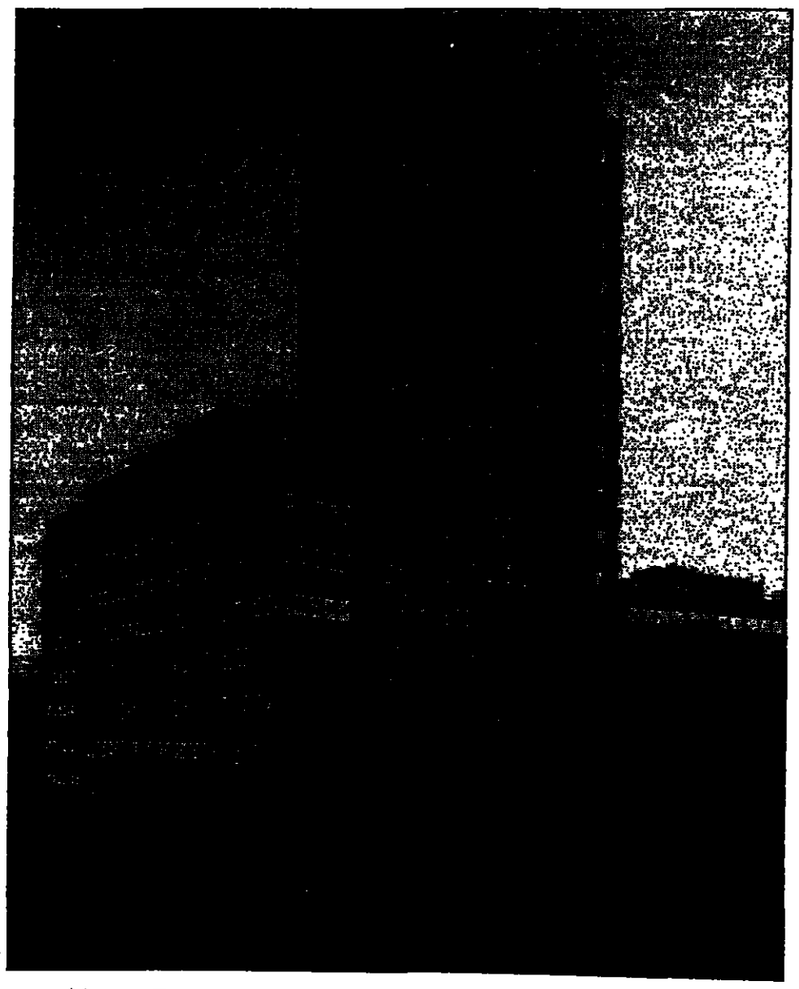
But the significance of the incentives for Delco Remy is not so much the amount of cash involved, but rather the indication they give of a country's commitment to a particular investment and its willingness to support and foster the sector involved.

Delco Remy's project leader, Dan Roberts, also attaches as much importance to the training incentives Portugal grants as to regionally based grants, even though the latter are much bigger. "It's important for us to know that there is a strong desire to improve the skills of the work force and that the structure is in place to do it," he says.

Portugal's main criteria for awarding incentives, says Mr. Neto da Silva, are:

- The structural impact of the project in terms of establishing major groups that will generate demand for small and medium suppliers and service companies and increase the added value of exports.
- The introduction of modern technology.
- The opening of new markets and sales networks for Portuguese exports.
- The creation of joint ventures between foreign and Portuguese companies.

Investments of more than 10 billion escudos are negotiated on a contractual basis, freeing the government to grant incentives, including tax breaks, above the ceiling fixed for smaller projects. Negotiations are coordinated by the Instituto do Comércio Externo de Portugal (ICEP), which has more than 40 branches overseas. Peter Wise



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Company's Innovations Break Stereotypical Mold

A small town in central Portugal is not the first place one would expect to find a world pacesetter in the industrial application of advanced technology.

"Potential customers would think we were living in a fantasy world if we gave them a straightforward account of our abilities and achievements," says Henrique Neto, managing director of plastic mold engineers Iberomoldes SA. "We often have to play down our marketing to make the company more credible."

Fifteen years ago, Mr. Neto and fellow board member Joaquim Menezes quit their respective jobs as marketing and production managers with a major mold-making company about to be nationalized at the height of Portugal's "Revolution of the Carnations."

In the midst of a massive flight of capital from Portugal and an international recession in their own sector, the two men invested 200,000 escudos ($1,500) to launch Iberomoldes as a design and marketing company for plastic molds. Their sole assets were a telex, a telephone and a rented office in Marinha Grande, an ancient glass-making town 160 kilometers (100 miles) north of Lisbon. They had no employees.

Today Iberomoldes, still a private company, commands the largest mold engineering group in the world, with 750 workers in 15 separate companies and a capital of 750 million escudos. In 1986, Iberomoldes bought out the company its founders quit as employees 11 years earlier, adding a dash of irony to the first privatization operation held on the Lisbon Stock Exchange.

Even more remarkable than the company's phenomenal growth is the position it has established for itself in the innovation and application of advanced technology in high-precision engineering. As the first European mold company to use computer-aided design and manufacturing (CAD/CAM), Iberomoldes has added a new dimension to the industry. All conception, modeling, prototype production, design, tooling and plastic flow testing of molds is carried out on computer screens in three dimensions.

This gives it major cost and time advantages over most other companies, which are still using the expensive and time-consuming trial-and-error process of translating conceptions and designs drawn in two dimensions into solid mold forms.

"CAD/CAM enabled us to advise a customer producing compact disc covers that the plastic could be some 25 percent thinner than he had envisaged," says Henrique Pau-

IBEROMOLDES

Henrique Neto, left, and Joaquim Menezes, founders of Iberomoldes SA.

lo, an engineer at Iberomoldes' Simultaneous Engineering Technology (SET) division. "I estimated the savings would be enough to buy a Ferrari sports car every year of production."

"We aim to strengthen Iberomoldes' position and name within our niche in the world market through continued specialization," says Mr. Neto. According to leading economists, this is the best way forward for many Portuguese companies that lack the dimension and capital to compete with major European players but that could establish lucrative niches through specialization. In this context, joint ventures with foreign investors are viewed as a vital source of new technology, know-how and markets.

Iberomoldes and similarly competitive companies are exhibiting strengths in all the areas in which Portuguese industry has traditionally been weak.

Companies in Portugal often neglect marketing. "Executives are reluctant to pack a suitcase and go looking for customers," one analyst says. But Iberomoldes, in an innovation for the production-oriented mold sector, began life solely as a design and marketing company. Today, 98 percent of its production is exported, 35 percent of it to the United States.

Iberomoldes' reputation for quality is particularly salutary for Portuguese industry, given that the mold-making sector depends on inspiring confidence. Manufacturers, who invest millions of dollars in the molds for the plastic parts of a product, are racing to market new products ahead of the competition and depend on mold suppliers to meet rigorous deadlines and demanding production standards.

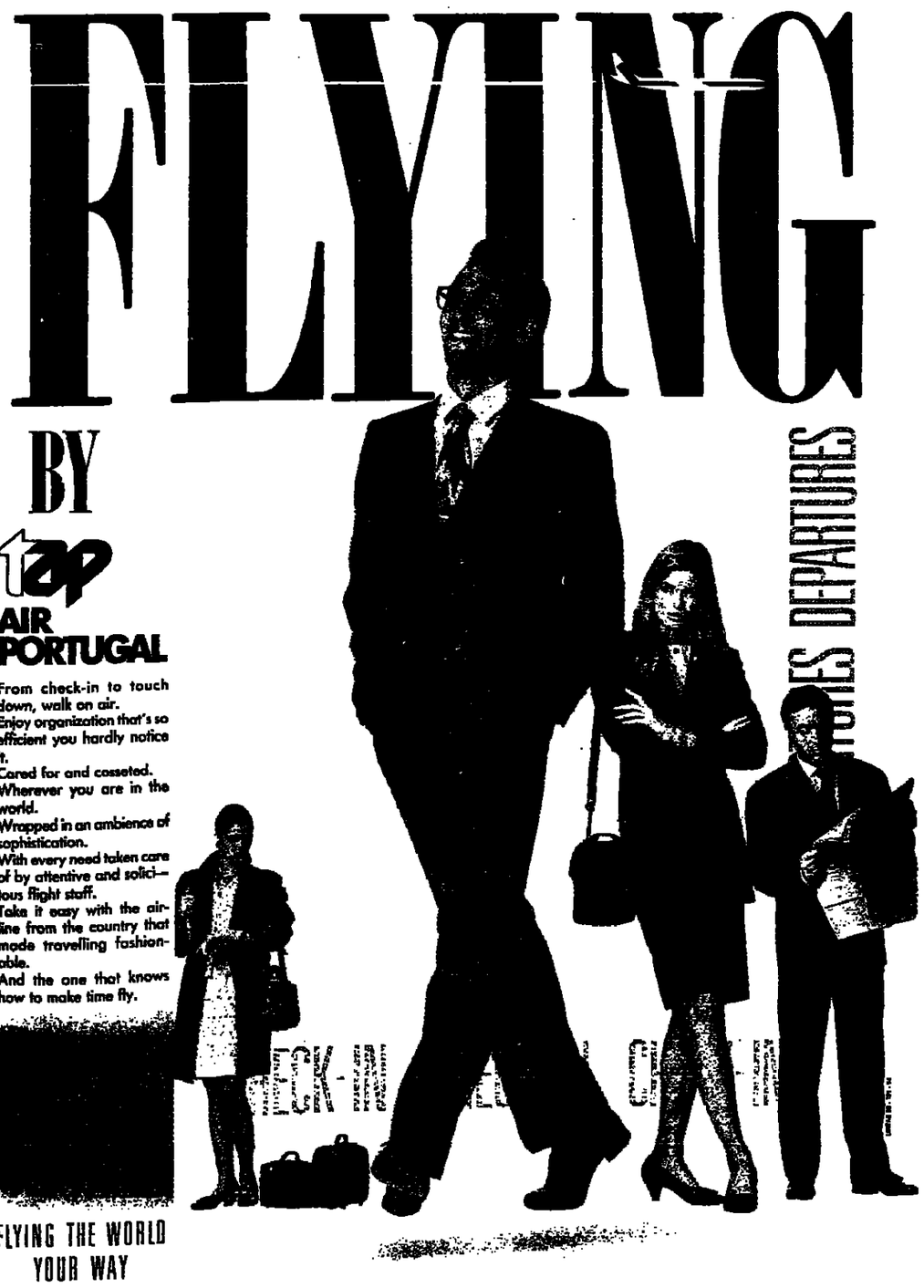
Industry in Portugal has been slow to internationalize, observers say. Iberomoldes, however, has a production company in Tunisia and is studying the possibility of opening another in Brazil. It has sales and engineering offices in Britain and Scandinavia. "We want to maintain the closest possible contact with the customer so that we can meet his needs quickly and efficiently," says Mr. Neto.

Professional training is another area in which companies like Iberomoldes are leading the way. The company has set up its own training institute, with roughly 10 percent of workers attending two-year full-time courses at any one time. Employees attending part-time refresher courses account for 35 percent of the work force.

Innovation in advanced technology is an area rarely associated with Portuguese industry. But Iberomoldes' SET concept is undoubtedly at the cutting edge. Through the use of CAD/CAM technology, the system enables Western manufacturers to emulate Japanese speeds in product development by cooperation between producer and mold supplier at the early stages.

"We see companies spending hundreds of thousands of dollars to remake molds that prove unsuitable because they were not conceived in three dimensions," says Mr. Neto. "In SET, we have developed the answer to the problem."

Peter Wise



AIR PORTUGAL

Airline Ready to Spread Its Wings

The national flag carrier, TAP-Air Portugal, has turned Portugal's tradition of warmth and hospitality into a corporate philosophy that has helped establish the company as one of the most prestigious small airlines in Europe. It now hopes to widen its horizons.

Since TAP was founded in 1945, it has earned an international reputation for safety, efficiency and quality of service.

Now, the company is embarking on a major process of renewal, involving financial restructuring and privatization, that will shape TAP into a highly competitive carrier as it prepares for the deregulation of the European air transport market planned for 1993.

PEDRO LISTRIA

Although TAP is a European leader among small to medium-sized carriers, the company has been hampered in realizing its full potential by the weight of a heavy debt burden dating from the years following its nationalization in 1975. Despite positive operating results in recent years, the cost of servicing the debt has resulted in persistent net losses and left the company badly undercapitalized.

This year, TAP will begin a new lease on life. Transport Minister Joaquim Ferreira do Amaral has said the government will provide capital to clear the company's debt and restructure its finances. This will be the first step in a process to continue with a detailed valuation of the airline, followed by its partial privatization. But the minister has stressed that, as a company strategically important to the national economy, TAP will be kept under state control — at least initially.

TAP is important to the economy not only in terms of its foreign earnings, which represent almost 5 percent of total exports, but also for its role in stimulating tourism.

"Every TAP flight helps promote Portugal as a tourist destination," says the company's president, António Monteiro de Lemos.

This interconnection was clearly evident in 1990. While other airlines faced passenger reductions, particularly after the Gulf crisis forced up fuel prices and fares, the number of passengers TAP carried grew to almost four million, an 11-percent increase over the previous year. The company's load factor, the percentage of available seats occupied by fare-paying passengers, also rose to a highly competitive 70 percent. This reflected a 20-percent increase in income from tourism, which accounts for 9 percent of Portugal's GNP.

The greater flexibility and financial capacity provided by privatization will add to TAP's existing assets, consolidating the company's position as a competitive prestige carrier with strong growth potential in a liberalized European market. Profitability will be enhanced by the improved productivity that has accompanied TAP's recent growth. During the past three years, the company has increased its overall activities by 35 percent, but the number of employees has risen only 1 percent, to 8,900.

In the process of privatization the government is also expected to resolve the issue of TAP's "public service" flights to Madeira and the Azores. The carrier currently flies 700,000 passengers a year to and from the islands at below-market fares fixed by the government. Subsidies that previously covered the resulting loss in profitability have been phased out.

TAP currently flies to 53 destinations on four continents, last year logging a total 86,137 kilometers. As part of a substantial route expansion plan, the company will inaugurate scheduled flights to Berlin in April, after having added Bordeaux, Marseilles, Nice and San Francisco last year. In addition, TAP's strong position in Africa and Latin America could make Portugal an important European hub for serving those markets, a key asset in negotiating partnerships with other European carriers.

The airline's fleet of 27 aircraft, one of the most modern in Europe, includes seven Lockheed Tristars, six Airbuses with two more on order, and four Boeing 727s. TAP's excellent safety record is due not only to the expertise of its pilots but also to the high quality of its maintenance and engineering services. Maintenance contracts with major operators such as Federal Express last year earned the company some 10 billion escudos ($72 million) in foreign currency.

TAP's development policy is focused on increasing the weight of the high-yield business market in relation to the less lucrative tourism and ethnic markets that currently dominate the company's activities. Business travelers, steadily growing in number as the Portuguese economy expands and internationalizes, will be wooed by refining quality and service to offer passengers an extra "touch of class" in comparison with the competition. "We are insatiable in the search to improve our quality of service," says Mr. Monteiro de Lemos.

The airline is also developing a group strategy based on a network of companies with complementary activities. When Portugal liberalized international charter flights in 1985, TAP launched a subsidiary, Air Atlantis, which now operates 20 percent of charter flights to and from Portugal. Following the deregulation of scheduled domestic flights, TAP helped create LAR-Ligações Aéreas Regionais.

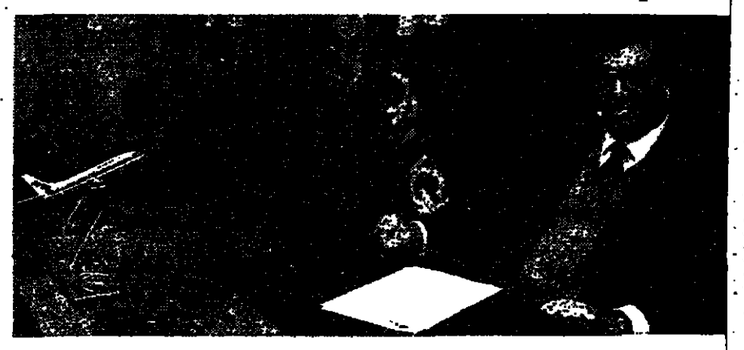
Later this year, LAR, in which TAP holds a 30-percent stake, will provide linking flights for intercontinental TAP flights arriving at Lisbon and Oporto to the Spanish cities of Bilbao, Málaga, Santiago de Compostela, Seville and Vigo in a major group expansion. TAP itself will continue to operate the Madrid and Barcelona routes.

TAP has reached a similar agreement with the Brazilian airline VASP to provide links from the Portuguese carrier's three destinations in Brazil to other Latin American cities. "International links such as these provide competitive advantages that will strengthen our hand when we begin looking at the possibilities for similar partnerships at a European level," says Mr. Monteiro de Lemos.

Peter Wise

Building on a Tradition of Quality

PEDRO LISTRIA



António Monteiro de Lemos, appointed president of TAP-Air Portugal in August 1989, talks to Peter Wise about the company's future.

What markets is TAP focusing on in the context of the liberalization of European air transport?

TAP's traffic is essentially of tourist and ethnic origin on our principal routes in Europe, Africa and the Americas. We are convinced, however, that we can steadily increase the percentage of business traffic. This will be achieved by maintaining high levels of maintenance and safety, improving our internationally recognized quality of service even further, increasing the frequency of flights in strategic markets and further adapting our timetables to meet the needs of business travelers.

We feel certain that in 1993 TAP-Air Portugal will have secured a very wide range of clients, guaranteeing a high load factor, increasing fare levels and eliminating the seasonal pressures that we are still subject to.

What are the main objectives of TAP's development strategy?

We have initiated an intensive process of change based on a statement of our corporate aims. This describes TAP as an independent European airline with the most suitable dimension for its passengers; which is safe, efficient and friendly; which serves as a natural bridge to Africa and Latin America; and which is the leading small to medium-sized airline in quality and technology.

To meet these standards we have drawn up a program of measures affecting the company from top to bottom. The measures are considered vital by our staff and are already being put into practice in a harmonious fashion. Our overriding objective is to maximize TAP-Air Portugal's great potential and simultaneously eliminate the constraints that have affected the company for a number of years.

We aim to consolidate our position and increase penetration in strategic and profitable markets. TAP is also working to reduce costs, chiefly through financial restructuring, improving staff structure and increasing productivity.

What competitive advantages will TAP bring to a free European market?

The critical success factors for achieving a high standard of financial and economic performance are conveyed by the statement of corporate aims I described. We are confident that TAP will assert itself as a prestigious airline, bearing the image of quality of a new Portugal on the road of progress and development.

Our advantages lie in our safety record and high quality of service, our human resources, one of the most modern fleets in Europe, the vast experience gained over 45 years of operation and the privileged positions we hold in some markets.

The shift of Europe's political and economic center of gravity to the east creates an opportunity for us to use our privileged links with Africa and the Americas to provide Europe with a natural hub at the westernmost point of the continent. The comparative advantages we already hold in Africa and Latin America, as well as our relationship with the United States and Canada, will provide TAP with a certain "sovereignty" over the Atlantic.

Do you envisage any partnerships or joint ventures with foreign companies?

We believe relationships with foreign carriers — and in the most diverse areas of activity — are fundamental. But we will only enter into agreements after detailed and considered analysis of the mutual advantages. We already have a wide set of agreements with Portuguese and foreign companies, including Federal Express Corporation, ALM-Antillean Airlines, Continental Airlines and the European distribution consortium Galileo.

We will also be signing a major technical and commercial cooperation agreement with VASP, the second-largest Brazilian air carrier, as well as a maintenance agreement with Lufthansa. These are the types of joint venture to which we will give priority. One of the vectors of our corporate aims is independence. This does not mean that we want to stand "proudly alone." But direct intervention in capital or management is not essential to partnerships.

By safeguarding our own interests, we are in a position to offer potential partners a wide range of facilities in the areas of maintenance, engineering and training simulators, as well as in a well-proportioned commercial network and an important set of slots at principal airports. These undoubtedly represent desirable assets to the large number of carriers that have approached us.

Sojourning in The Cream Of Portugal's Private Residences

Travelers to Portugal can stay with prominent families in some of the country's most stately residences, thanks to a special government tourist program.

Turismo de Habitação, literally translated as habitation or residence tourism, started in the early 1980s as a government incentive. Owners of important *paços* (palaces), *solares* (manor houses), *quintas* (country mansions), *vilas* (villas) and *casas* (houses) were given low-interest home-improvement loans on the condition that they open their doors to overnight guests for the duration of the loan. Turismo de Habitação has proved to be such a success that even hosts who have completed their home improvements continue to welcome visitors.

Turismo de Habitação participants offer a personalized and upscale alternative to hotels and *pousadas*, the government-run inns. Averaging around 10,000 escudos (about $72) per night for a double room with private bath, including breakfast, prices compare favorably with those of more conventional accommodations. Even check-in times are more flexible than at other hostelries; guests may arrive up until 8 P.M. without having to call ahead.

While the residences are situated throughout the country, many are within easy reach of Portugal's three major cities, Lisbon, Coimbra and Oporto.

As is generally the case in Portugal, it is wise to travel with a car, since most properties lie outside the reach of the country's limited public transportation network. A phrase book, on the other hand, probably won't be necessary; English is spoken by the staff of Promoções e Ideias Turisticas, the agency representing select properties, as well as by the owners of the properties mentioned in this article.

Lisbon has all the economic and cultural institutions expected in a capital city, including some of the more attractive properties in the program. Only 15 kilometers (9 miles) outside the city is Quinta das Encostas, a mansion erected during an 18th-century building spree by the influential minister the Marquês de Pombal. The quinta is decorated with antiques and the characteristic tiles called *azulejos* set in whitewashed walls; in addition, it offers the welcome modern amenity of a swimming pool. Its two bedrooms enable guests to feel part of the family.

About 30 kilometers from Lisbon is Casa da Tapada, a modernized manor set on extensive acreage in the heart of the Sintra forest, one of the most idyllic spots in Portugal. Casa da Tapada is near the Atlantic beaches and the historic Palácio da Pena and Castelo dos Mouros, but guests staying in its three rooms are usually content to remain on the premises, strolling the grounds or relaxing in the spacious drawing rooms.

Quinta de São José, about 40 kilometers from Lisbon, offers many modern conveniences in its centuries-old setting. Its eight guest rooms, most of which look out on peaceful gardens, are ideal for small business seminars or individual travelers. The quinta is equipped with excellent kitchen facilities, meeting rooms and a pool. Golf, tennis, squash, beaches and a health spa are nearby.

Coimbra, located roughly midway between Lisbon and Oporto, is the home of Portugal's most prestigious university. Its baroque buildings are as much a tourist attraction as the city's other historic monuments and fado clubs. About 25 kilometers from Coimbra, near the fairy-tale forest of Buçaco, is Vila Duparchy, a fin-de-siècle manor built on a hilltop by a French engineer who was working on rail bridges in the area. Its five rooms have views of the spa town of Luso, but most guests feel no need to venture beyond the villa's private pool.

CENTRO DE TURISMO DE PORTUGAL

Quinta do Paço da Ermida, above, was once owned by one of Portugal's major porcelain manufacturers.

Just a few kilometers away is Quinta de São Lourenço, a large 18th-century country house built around a central courtyard. Guests in its four rooms enjoy the relative rural isolation of the quinta and take advantage of nearby boating, swimming, tennis and horseback riding.

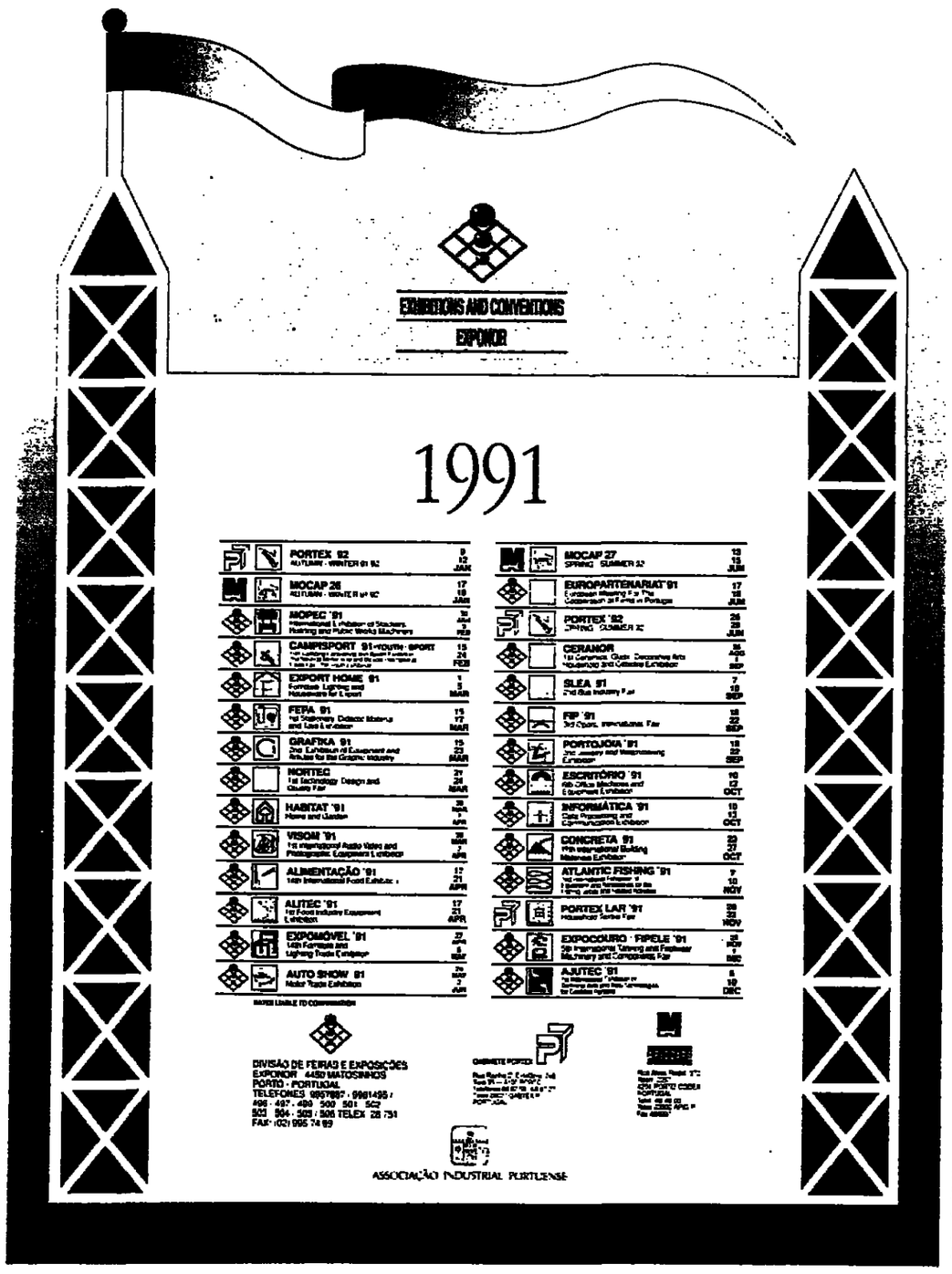
Another comfortable country environment may be sampled in the five guest rooms of the 17th-century Quinta do Paço da Ermida, about 60 kilometers from Coimbra, near Aveiro and its picturesque canals. Once owned by José Ferreira Pinto Basto, founder of the Vista Alegre porcelain factory, it is elegantly furnished and offers views of the still-extant plant and neighboring museum from lovely neo-Gothic arched windows and breezy balconies.

Oporto, in the north of the country, is the center of the port wine industry and a business capital in its own right. Just three kilometers outside the city is Quinta da Granja, a horseshoe-shaped manor owned by the Soares de Albergaria family, whose coat of arms is displayed on the front wall. Guests in its five rooms can enjoy a wealth of art and antiques, including a private baroque chapel containing a sculpture of the Pietà by master sculptor André Soares. Its grounds were laid out in the 18th century in the best tradition of Portuguese gardens.

About 60 kilometers from Oporto, in the district of Viana do Castelo, is Casa da Nossa Senhora da Torre das Neves. The house was built in the early 17th century with the fortune João Pires Ramalho made in Brazil. He also had a chapel built, where his descendants still attend mass each Saturday in accordance with the terms of his will. The service is optional for guests in the villa's five comfortable bedrooms, who may enjoy promenades in its walled grounds or in the historic town of Viana do Castelo.

Turismo de Habitação properties may be booked through Promoções e Ideias Turisticas, Alto da Pampilheira, Torre D-2 8-A, 2750 Cascais, Portugal. Tel. 1 284 4464, fax 1 284 2901. PTT also publishes a four-color brochure highlighting the best of its offerings, with detailed instructions on how to find them.

Dwight V. Gast



BUSINESS BRIEFS

● Head-hunting for top executives, skilled managers and financial whiz kids is becoming a growth industry in Portugal as economic expansion and increasingly tough competition place a premium on business brains.

Sirca Portugal, part of an international group of human resources consultants specializing in executive recruitment, reports that it has headhunted 114 highfliers since it began operations in Portugal two years ago.

This involved dealing with more than 3,000 potential candidates for the top jobs involved. The 75 executives placed in 1990 were double the number the company recruited for its clients the previous year.

Middle managers recruited by the company were earning salaries of 200,000 to 400,000 escudos ($1,460 to $2,920) a month and were aged 25 to 42. The executives most sought after were in the areas of sales, marketing and finance.

P.W.

● Portugal's last remaining state-owned newspaper, **Diário de Notícias**, will be privatized in four separate stock-market operations due to be completed before the end of February. The company has been valued by two different financial institutions at 9.2 billion escudos and 12 billion escudos.

The capital of the morning daily, which was launched in 1864, will be split into a total of two million shares; 35 percent will be sold at a reduced price of 4,000 escudos each to employees of the company, the remainder at 4,250 escudos.

A total of 60 percent of the capital will be offered first to employees, media cooperatives and media groups. These will be permitted to pay in installments. Foreign investors will be limited to acquiring 10 percent of the newspaper's stock.

P.W.

● **Capital market** operators in Portugal are waiting anxiously for long-delayed operational and administrative reforms, now due to be introduced by April and seen as a life belt for floundering local exchanges. Market analysts say share prices on the Lisbon and Oporto bourses fell an average of 35 percent in 1990, further than on any other exchange in the world except Tokyo. Only four of 30 blue-chip companies recorded price rises, while many fell more than 50 percent. Volumes traded on the Lisbon exchange dropped 22 percent in 1990, while bond volumes swelled 104 percent to account for more than half of total business as investors shied away from equity in the wake of the Gulf crisis, brokers say. Total securities volume was up 108 percent over 1989, a year in which price trends were up. But a large number of capital increases resulted in an estimated 64-percent dilution of earnings for the top 50 companies in 1990.

K.P.

● A cocktail party given by the Portuguese **secretary of state for foreign trade** and the International Herald Tribune is being held Jan. 29 at the Ritz Hotel in Barcelona to celebrate the launching of the advertising series on Portugal. The special appearance of the famed Portuguese classical guitar player Carlos Parades will be sponsored by ICEP, the Portuguese Institute for Foreign Trade.

José Manuel Garcia is a historian with the Comissao National para as Comemoraçoes dos Descobrimentos Portugueses.

Dwight V. Gast has written about Portugal for numerous publications, including Art & Auction, Bon Appetit and "The Penguin Guide to Portugal."

Joaquim Letria is managing editor of the weekly newsmagazine Sabado.

Ken Pottinger is a free-lance correspondent based in Lisbon.

Peter Wise is a free-lance journalist based in Lisbon.

The next installment of the series of advertising sections on Portugal will appear on Feb. 19.

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CALENDAR

THEATER

"O Sabor dos Sonhos" by Carlos Correira. Teatro Infantil de Lisboa, Leao Oliveira 1, Lisbon. Tel. 363 99 79. Until Feb. 12.

"História de um Cavalo" by Lev Tolstoy; adapted by Mark Rozovski. Auditório Nacional de Carlos Alberto, Rua das Oliveiras, Oporto. Tel. 200 45 40. Until Feb. 8.

DANCE

Companhia de Ballado do Teatro Nacional de São Carlos. "La Bayadere," Feb. 15, 21 and 22. "A Pavana do Mouro," Feb. 16 and 23. "4 Temperamentos," Feb. 17. Teatro Municipal de Sao Luiz, Rua Antonio Maria Cardoso 40, Lisbon. Tel. 32 71 72.

EXPOSITIONS

Galeria das Exposições Temporárias da Fundação Gulbenkian. Paintings and drawings by Arshile Gorky. Avenida da Berna 45, Lisbon. Tel. 793 51 31. Until Feb. 10.

Galeria Tapeçarias de Portalegre. New handicrafts by Antonio Dacosta, Botelho and Lourdes Castro. Academia Ciencias 2-J, Lisbon. Tel. 32 14 61. Until the end of February.

EVENTS

Capitel. Feb. 10-13, Loule.

FAIRS

Mopec '91: International Exhibition of Stackers, Building and Public Works Machinery. Jan. 30-Feb. 3, Oporto.

Cosmetica: 4th International Exhibition of Cosmetics and Perfumery. Feb. 7-10, Lisbon.

Campisport '91 - Juventude/Desporto: 11th Camping, Caravaning and Sports Exhibition; 2nd Nautical, Motorcycle and Bicycle International Trade Fair; 5th Youth Exhibition. Feb. 15-24, Oporto.

Ceramica: 10th International Exhibition of Decorative Arts and Housewares. Feb. 21-24, Lisbon.

DISCOVERIES

The Navigation Age

During the 15th century, the Algarve, under the spur of Prince Henry, played a major role in the first explorations of the West African coast.

The society that accomplished these discoveries was still organized according to medieval estates, but the expansionist process was to cut across these traditional lines. With the inauguration of new routes and the creation of new areas of sovereignty and trade, the ruling aristocracy joined the king and the merchant class in overseas commerce.

The initiation of the great Portuguese discoveries is attributed to Prince Henry (1394-1460), known as "the Navigator." Although he himself never ventured farther than Tangier, his strong political and economic power gave him considerable influence over Portuguese expansion. In 1443, his brother King Pedro, who was then regent, conceded him exclusive rights for navigation south of Cape Bojador, on the Atlantic coast of Western Sahara.

The exploration of the African coast culminated 50 years later when Bartholomeu Dias rounded the Cape of Good Hope in 1488.

Portuguese exploration in the 15th century had a double significance. Besides the actual discovery of new lands, it produced new economic opportunities. Expeditions in the small, light ships called caravels were risky undertakings that required a great deal of courage but promised handsome rewards. Thus, the "bourgeois navigators" — lesser and poorer nobles, fishermen and adventurers — were motivated by a desire to improve their situations.

The second half of the century saw wars and conquests in Morocco and the colonization of Madeira and the Azores. These islands offered a pleasant climate and fertile land. Merchant nobles were attracted by the profits from sugar and wine in Madeira, while in the Azores the production of wheat, pastry and meat was high.

JEAN-CHARLES PINHEIRA

The long-awaited passage to India was finally achieved during the reign of King Manuel I (1495-1521). "The Fortunate," as he was known, ordered a fleet to be prepared to sail from Belem on July 8, 1497. Composed of three vessels, it arrived at Calicut on May 20, 1498, having followed the East African coast before making the first crossing between Africa and India. The race to India had begun.

José Manuel Garcia

هكذا من الاصل

هكذا من الأصل

Photographs by Moore/Lamb

Ferré's airy blouse over a strict skirt for Dior, above left, and Scherrer's chintz flower-garden evening dress. At top right, from left: Givenchy's gauzy rising skirt, Mori's girlish lace dress, and Ricci's floating gown with feathers.

Dior: Back to the Real World

By Suzy Menkes
International Herald Tribune

PARIS — Gianfranco Ferré sent out Monday his best collection so far for Christian Dior. He brought rigor and vigor to a day of shows that had collapsed into marshmallow softness. But there is still no sense that any of the clothes shown are breaking boundaries or taking fashion forward to the new millennium.

The general mood is retrograde — women are cocooned in prettiness in a ugly world. That

PARIS FASHION

means dresses are short and girlish, prints fresh and flowery and fabric so light that it wafts about in the summer breeze.

Ferré brought us back from this midsummer night's dream to the real world. He opened his show with sober suits in quiet colors of beige and greige with sudden drafts of citric orange or green. Jackets were always long and skirts slim, and although there was nothing new in this silhouette it was well done. His other daytime look was the redingote, which stood out stiffly in the skirt over petticoats, which, like the ever-present bows, break up the purity of his line.

Fancy extras included horns of plenty in fabric pouring down the side of the skirts or a bow of white piqué banding the knees of a pinstriped dress. Ferré certainly uses plenty of fabric — too much still for evening, when stoles of striped taffeta spill all over the floor and pleated tulle dance dresses look like lampshades. But the designer's architectural plan for Dior is now building a positive image. He is drawing strict attenuated lines and then giving them life and movement with the airy fabrics.

"I like the tailoring on elongated lines," said Paloma Picasso, sitting center front in a Dior suit in her signature red. She picked out also Ferré's skinny black crepe dresses, which now look much more French than Italian, and a big organza shirt in a flower print. Embroideries recreating pink and white porcelain or feathers dyed precisely to fringe the stripes in a stole are still powerful gusts of luxury. But they are no longer bowling the collection over.

The pursuit of prettiness is is the specialty of Jean-Louis Scherrer, who made a collection as sweet as a box of bonbons. The color palette was in soft lavenders, pinks and blues, a Giverny flower garden of blooms came as Impressionist prints on chiffon and even as a watery green ball gown painted with Monet's lilies.

"Ravishing! That really is haute couture," said Bernadette Chirac, wife of the Paris mayor, as she praised the luxurious fabrics and delicate embroideries, which included a tracery in paillettes of pink roses on a bone china ground.

Scherrer has been given new confidence (not to say resources) by his Japanese backers, and his decoration was lavish but never vulgar. He is also smart enough to blow with the breeze of the new softer silhouette, loosening up the jacket as a swingy overblouse. He kept a lot of the extravagance on the inside — flowered and embroidered ribbons banded the hipline and or the gossamer chiffon tops underneath more solid jackets in shantung — a star fabric of the season.

HUBERT de GIVENCHY will celebrate 40 years as a couturier with a retrospective of his work in Paris at the Palais Galliera in October. His mascot and muse, Audrey Hepburn, flew in on the 7:15 plane from Geneva Monday to be at the show.

"It certainly lifts the spirits," she said as a herbaceous border of prints sprouted on the runway, mostly on floating chiffon dresses, but also for day dresses — tunics and chemises — that are the designer's strength. Pierre Bergé has been lavishing praise on Givenchy this week for being the only serious couturier left in Paris — apart, of course, from Yves himself. Givenchy's technique for the wafting evening dresses is glorious, but it is time he turned his scissors on the solid tailoring to soften its harsh lines.

Hanae Mori sent a fluttering prettiness through her collection — and not just in the butterflies that are the designer's emblem. They came this season in graphic abstract splashes of color on chiffon or as satin wings stretched across the back of a slim halter-necked dress.

Her bid for soft tailoring was the day dress, which had insets of white waves curling over navy crepe, to break up the line. Skirts had a girlish fullness, necklines were decorated with flounces and bows and wafts of light fabric gave a sense of summer.

At Nina Ricci, designer Gérard Pipart sent out a pretty conventional collection. Even when there were sweeping gypsy skirts, under tank tops flashed with sequins and wrapped in shawls, you knew that there was a nice girl underneath. She was the one who had been walking down the runway in pale, pleated shantung suits, a dress as soft as a scarf and what may be the last-ever sighting of a tea gown: a mid-calf dress smothered in chintzy flowers.

None of these clothes seem remotely modern, in that they are an irrelevance to most women's lives.

Pierre Cardin's search for modernity has been going on for a quarter of a century. Designer André Oliver made light work of evening, with simple columns fluttering in floral chiffon. But the Cardin innovations are in the incisive cutting in the tailored part of the show: circles of fabric unfolding at neck and shoulders, in a re-creation of the satellites that have been an inspiration to Cardin since they first spun into his orbit in the 1960s.

STYLE MAKERS

Sheila Paine

LURE OF EMBROIDERY

LONDON — "I always travel alone — I just don't like being with other people," says Sheila Paine whose travels produced the book "Embroidered Textiles," published recently by Thames & Hudson.

"I get a cheap flight to, say, Karachi, and then go north by overnight train. I have one small shoulder bag which weighs no more than four kilos, plus my camera. I use local transport — buses, lorries, jeeps — and I'm usually the only woman, certainly the only European."

Paine is in the direct line of intrepid English women travelers. Her adventures lead to remote villages where old women, dressed in faded black with kerchiefs tied around their heads, know about indigenous embroidery. Fifteen years of research plus a have-bag-will-travel spirit went into this fascinating book uncovering the sources of pattern in mythology, superstition and pagan cults. In the introduction, Paine makes the point that embroidery is a decoration, not a textile technique, and therefore has much more in common with tattooing than with lace or knitting. This sets the tone.

At the age of 5, she embroidered a nightgown case with ducks and flowers and bought her first sampler at 17. Four years later, she went to Africa with a one-way ticket and £6 in her pocket. "It was in the early 1950s when Britain still had rationing and just the fact that chocolates where available there sounded like heaven on Earth." Paine met her husband on the boat going out there (he was killed in a DC-10 crash in 1974). They came back to England and had four children in six years. ("It clobbers you for doing anything else," she says.)

Gradually she built up a collection of embroidery — it never dawned on her that she was collecting — just buying things she liked in different parts of the world before they vanished completely.

"Samplers are now interior decorators' pieces and too expensive. What I'm really interested in is tribal and peasant embroidery and the reason why women did it. There's always a reason why people made things, mostly to do with marriage, but not always. And you can tell by the pattern on a woman's dress which village she comes from, whether she's married or widowed or what."

In India and Pakistan, embroidery is still very much a part of daily life. The craft has been dying out in eastern Europe since the early years of this century, though there are still pockets where people wear embroidered hats and old women remember what stitches they did and why. "I find German the most useful language in Eastern Europe — the old Austro-Hungarian empire forced all the old people to learn German in school. I'm now busy learning Russian, very difficult because I learn a language by visualizing it."

'I feel I'm expendable and don't feel too worried about taking risks now. . . . The bad side is that you're lonely.'

Recognizing the provenance of an "ethnic" piece comes from the style, the cut and shape, the pattern of stitch. Paine was asked four years ago by the Museum of Textiles in India to learn the stitches from the last living master before he died. When she got there, he had been dead four months but, luckily, had taught his daughters so they passed them on. She spent two months in a hut learning the stitches.

Once in Yemen where there is a system of sharing taxis, Paine wanted to go across to Al Mukha "I got off at a junction and waited until a lorry came along with two men. Normally, I wouldn't be such a fool but there the whole system is sharing (once I got on with a whole load of chickens — you just pay and jump on). In a completely teetotal country, they started drinking beer and making sexy remarks. I finally yelled stop, like an emergency stop; they braked and I leapt out in the desert and ran. Eventually, another lorry gave me a lift. The day will come when I get too old for this sort of lark."

Exotic, warming stories balance the horrors — lone traveling removes the threat to anyone and invitations come easily. "I was staying in the *funduk*, the local houses where travelers have communal rooms — no beds, of course, just sharing the floor. I met a woman in the village and she was horrified that I was staying there and insisted I stay with her. We sat on little bricks on the floor to eat. The men had eaten first and when they finished, the women and children ate what they left. They have a special room full of high benches where in the afternoons they chew a narcotic leaf called khat. They locked me in there for the night as their honored guest. It was wonderful."

This spirited, diminutive lady of indeterminate age wears Navaho jewelry and luminous blue eye shadow. Mischievously, she attributes her strength to "white sugar and gin," but on the more serious side, the nature of travel, she is philosophical. "Nobody depends on me — my children are all grown up. I feel I'm expendable and don't feel too worried about taking risks now. If you're alone in life, the bad side is that you're lonely. But the good side is that you're totally independent and you may as well play that for all it's worth."

Claire Frankel

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NYSE

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chg
[illegible]										

(Continued on page 13)

NYSE Highs-Lows

NEW HIGHS 49

AmFamily	AHlthPr	AmWaste n	ApPw 812pf
Arvin	BankAm adl p	BlockHR	Chiquita
CnlrCrd pf	DetE 228pr	FedSignal s	FstWachov
FondAmer	Gillette	Grumman pf	HlthCrPr
HerculesInc	Hershey	Imcera	IBM
IntFlav Fr	Ionics	Lowfinf s	Lubrizol
MartMar	NatMedEn	OakwdHm	OhEd 440pf
OhPw 776pf	PHM Corp	PaPL 440pf	Pfizer
PhilMor	PolicyMgt n	PrefdInco n	vlPSNH 345p
PSEG 505pf	PSEG 528pf	RJR Nab pf	ReadrDig n
SmithBch eq n	StrideRite	SymblTch	ToddSh wl
UST	VaEP 772pf	VaEP 840pf	Walgreen
Walgreen wi			

NEW LOWS 11

AcmeElect	BET Public	BerryPtr	CCX Corp pf
Fiat ADR n	MitelCp	Proler s	Publick 1.60
TelecomCp	UnTel 150pf	VintgePtr n	

AMEX Highs-Lows

NEW HIGHS 22

AlzaCp	Alza wt	AmTr-ibm prm	AmTr-ma sc
Astrotech pf	BarrLab	CheySft	Daxor
ElanCp	Elan un	EnvirTec	ForestLb
FoundmHlt n	FredHoly	IncstarCp	PGE 232pfJ
PortaSys	PrefdHlth	Sbarro	SierraHlth
TechOpsSev	WellcoEnt		

NEW LOWS 7

AmPrecsn s	BowlAmer	CtzFst s	ImpHoly s
Kinark Cp	SFM Corp	WangLabC	

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INTERNATIONAL STOCKS

Nat-Ned Gets Sweetener, But Will It Clinch Deal?

By Sara Henley
Special to the Herald Tribune

AMSTERDAM — No one here was guessing Monday whether the 1 billion guilder ($595 million) sweetener offered to disgruntled shareholders of Nationale-Nederlanden will be enough to persuade them to approve its planned merger with NMB Postbank Groep.

The stock market appeared to react favorably, with shares in both companies advancing. But analysts said some Dutch investors may not be happy with the new terms, and with the exception of Nat-Ned's rival Aegon, major institutional investors kept their own counsel.

Christening their new holding company Internationale Nederlanden, the leading Dutch insurer and third-largest bank offered an extra 6.50 guilders in cash or 0.15 of a share in the new holding company for each Nat-Ned share.

Shares in both companies surge in response to 'final offer.'

The sweetener represented a bid to quell complaints that the original terms of one share in the new company and one warrant for every Nat-Ned share undervalued the insurer.

The companies said Goldman Sachs International Ltd. had examined the new terms and found them fair. They also said they were convinced the merger will produce higher profits than if the two companies remained independent.

"This is a response to the market reaction," said Ton Soetekouw, chief financial officer at NMB. "But this is our final offer and we won't change it."

If the deal goes ahead, the new "bancassurance" concern's combined net assets of around 15.5 billion guilders would be about half as big as the Italian insurance company Generali. The deal also would place both bank and insurer further out of foreign reach.

For Nat-Ned shareholders, analysts calculate, the deal represents a 4 percent higher bid, but NMB Postbank investors would lose 5 percent. The actual terms for NMB shareholders were left unchanged, but analysts said the extra payment to Nat-Ned holders would effectively devalue the stake of NMB holders in the new company.

SOME ANALYSTS expected opposition from other NMB Postbank shareholders. A spokesman for the Dutch Finance Ministry said the state, which has a stake of about 23 percent in the bank, had not yet examined the offer.

But others said the question of whether the new terms are fair was academic.

"To pay Nat-Ned shareholders more, NMB Postbank is effectively devalued in this swap," said Heinie Hakker, investment analyst at Barclays de Zoet Wedd in Amsterdam. "But many of the institutional investors who complained about the deal's original terms hold interests in both companies. They just tend to have more Nat-Ned shares, which is why they complained in the first place."

Shares in both companies rose strongly Monday. Nat-Ned closed at 59.30 guilders, up 2.70 from the level before trading was suspended last Thursday pending Monday's announcement. NMB rose 1.60 to 45.30.

Analysts estimated that Nat-Ned shares should be trading about 12 guilders higher than NMB, if the revised merger terms are fair. Although the gap is somewhat wider, they noted that it narrowed considerably later Monday. Immediately after trading resumed late in the morning, Nat-Ned shares had jumped while NMB fell sharply.

"They do seem to be coming together," said Roel Gooskens of Van Meer James Capel in Amsterdam. "They could be a guilder closer, but this looks better."

As far as the deal's chances of success are concerned, attention focused on a loose consortium of Dutch institutional investors,

See NAT-NED, Page 13

IEA Seeks to Reassure Oil Markets

By Tom Redburn
International Herald Tribune

PARIS — While the major oil-consuming nations reaffirmed their decision to go ahead with an emergency plan to offer 2 million barrels a day of extra oil supplies, the U.S. Energy Department disclosed Monday that it had no trouble selling the first 34 million-barrel installment from its reserves.

The twin announcements, which should help keep oil prices under control, are designed to reassure oil markets that the major consuming nations are not backing away from their prewar plan to release government-controlled supplies despite the unexpectedly sharp fall in price that followed the outbreak of the Gulf war.

On Monday, the price of U.S. sweet light crude, the benchmark U.S. crude, fell 28 cents a barrel for March delivery, to $21.07 a barrel, on the New York Mercantile Exchange.

The Energy Department said that 26 companies had placed bids for 45 million barrels of oil from the U.S. Strategic Petroleum Reserve. The bids for the oil, which will be released at the rate of about 1.1 million barrels a day, ranged from a high of $28.52 a barrel for light sweet crude to a low of $18.78 for lower quality sour crude.

The U.S. announcement came as the International Energy Agency said at a meeting in Paris that its members would go ahead with their plan, which calls for 2 million barrels a day in inventory releases and 500,000 barrels a day of energy conservation measures, because of continuing uncertainty over possible supply interruptions. The IEA was established in Paris after the 1974 Arab oil embargo to deal with oil supply interruptions.

But the group's chairman, Geoffrey Chipperfield, made it clear that energy officials would not "force additional oil on the markets," and that no country planned any "heavy-handed measures" to limit demand.

IEA officials are sensitive about the impact of their action on prices and refused to respond Monday to accusations by OPEC's president, Sadek Boussena of Algeria, that their emergency plan caused oil prices to collapse.

IEA officials said they were as surprised as anyone else by the dramatic plunge in prices on Jan. 17, which was largely due to euphoria

See OIL, Page 12

Tetra Pak Bids $2.9 Billion For Alfa-Laval

Reuters

STOCKHOLM — AB Tetra Pak, the Swedish packaging company, said Monday it was making an agreed bid to acquire the engineering company Alfa-Laval AB for 16 billion Swedish kronor ($2.88 billion) in one of Sweden's biggest takeovers ever.

Alfa-Laval said its board had recommended that shareholders accept the bid.

Tetra Pak also said that Alfa-Laval's major shareholders, the Wallenberg family investment firms AB Investor and Forvaltnings AB Providentia and the construction company L E Lundbergsforetagen, had accepted the offer. The three institutions hold a majority of the voting rights in Alfa-Laval.

The government said it was positive toward the bid, although it cautioned that it has yet to formally approve the deal.

"The planned deal is a sign of confidence in the economic development and investment climate in Sweden," Finance Minister Allan Larsson said in a statement.

The bid helped propel the Stockholm market to its fifth straight gain, with the market's general index rising a sharp 3.40 percent to 931.04, a new 1991 high.

"The bid gave a liquidity boost to the market," one broker said, "which is hoping of course the money will be reinvested."

Investor and Providentia, vehicles of the industrial empire dominated by Peter Wallenberg, expect to realize joint gains of about 2 billion kronor by accepting the bid. The two investment firms together held 27.1 percent of the votes and 13.1 percent of the share capital of Alfa-Laval as of Oct. 17, according to a Swedish share registry.

Lundbergsforetagen, which holds 25.4 percent of the votes and 13 percent of the capital, was expected to gain 1.7 billion kronor from the deal.

The deal marks the latest effort by the Wallenbergs to divest nonstrategic holdings in order to hold onto others like Saab-Scania AB, ABB Asea Brown Boveri, Stora Kopparbergs Bergslags AB and Atlas Copco AB. In October, AB Investor and Forvaltnings AB Providentia agreed to sell their stakes in Forsakrings AB Skandia to Skandinaviska Enskilda Banken.

The Wallenbergs have maintained control of voting rights despite holding usually 30 percent or less of a company's capital, but anticipated changes in Swedish corporate voting structure as the country aligns with the European Community will make it hard for them to retain control of so much.

"They must choose the companies they want to hold on to," said Mats Larsson, an analyst at Swedbank. "They can't keep them all."

Japan: Most to Gain from a Short War?

By James Sterngold
New York Times Service

TOKYO — With many countries struggling against slowdowns or recessions, economists are hanging on every development in the Gulf for signs of how much economic damage the war is likely to cause. But few economies appear poised to benefit as much as Japan's in the event of a brief war, or have the staying power to endure a long war with as little strain, a range of experts say.

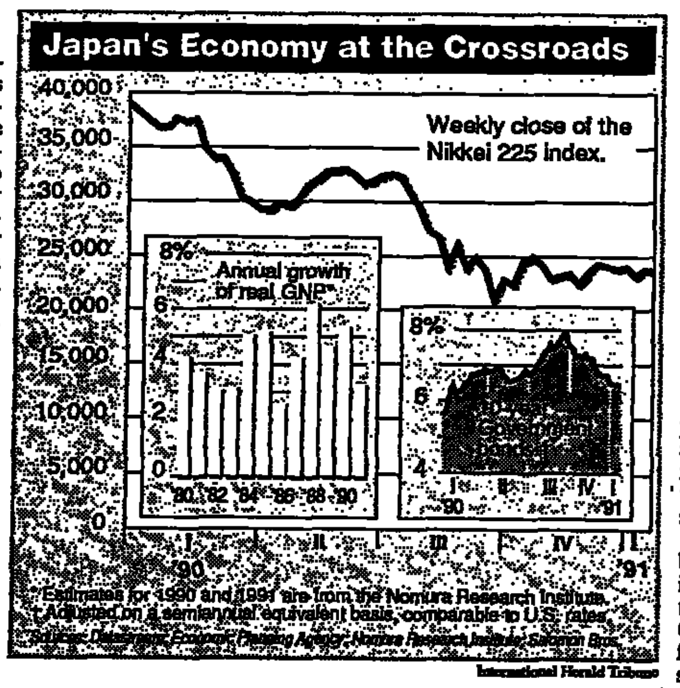
Japan has been criticized for contributing money but not personnel to help in the allied effort to force Iraq out of Kuwait, even though it is more dependent on Middle East oil than any other industrial country.

Now some economists say that in the war's aftermath, Japan may enjoy the greatest economic boost, particularly if the risk of soaring oil prices is reduced.

This is not to say that Japan's economic forecast is entirely rosy.

Even before the crisis began, Japan was in the midst of a difficult economic transition. Growth is slowing from its blistering pace of the last several years, a problem in a country that considers expansion of less than 3 percent a recession.

The stock market plunged 40 percent last year as interest rates soared; corporate profits are falling, and many are predicting property prices will decline after big increases in the 1980s. The recession in the United States is also threatening to cut into Japanese exports.



International Herald Tribune

Most menacing, economists say, are the glaring weaknesses in Japan's financial sector: Many fear that a sharp slide in Japan's real estate prices is posing a threat to banks, which have made hundreds of billions of dollars of loans with land as collateral.

The mounting difficulties Japan faces sound similar, in fact, to those in the United States. But there is one huge difference: While America's policy makers are rapidly cutting interest rates and fighting to save banks, protect jobs and stave off an economic contraction, the Japanese government has deliberately slowed the boom here by tightening its monetary policy and keeping interest rates high.

"The biggest possible cause of a recession in Japan is too tight a monetary policy by the Bank of Japan," said Takao Akabane, formerly the vice minister at the Economic Planning Agency.

Overly easy monetary policies during the latter half of the 1980s, then a severe tightening in the last year, are responsible for the current precarious balance in the markets, economists say.

It is a risky policy, because the markets have already shown a tendency to spiral out of control when investors panic in the face of big price declines. But many analysts are confident that Japanese economic managers are skillful enough to succeed, barring a huge external shock.

"Our real fear is outside disturbances like the Persian Gulf, not internal forces," said Yoshihisa Kitai, chief economist at Long-Term Credit Bank. "As for the internal factors, the Bank of Japan has chosen this tight monetary policy so it can avert a collapse if it wants to" by trimming interest rates should the economy slow too much, he said.

Moreover, because of its long-standing budgetary conservatism, Tokyo has the leeway to increase growth with higher government spending, if that becomes necessary.

Japan has already agreed with

See JAPAN, Page 14

EC Plans Offer Of Big Cuts in Airbus Subsidy

Reuters

BRUSSELS — The European Community is set to offer a cut in subsidies to Airbus Industrie to defuse a trade dispute with the United States, EC officials said Monday.

Ambassadors from the 12 EC countries are expected to approve a draft negotiating mandate Wednesday authorizing the EC Commission to offer to eliminate production subsidies and cut development subsidies by 45 percent, they said.

In Seattle, meanwhile, Boeing Co. said it earned $318 million on sales of $7.01 billion in the fourth quarter, up from $77 million on sales of $4.84 billion a year earlier.

France and Spain Offer Proposals on EC Union

Compiled by Our Staff From Dispatches

BRUSSELS — France and Spain formally unveiled on Monday their proposals for economic and monetary union that seek to strengthen the European currency unit so that it will eventually become the currency of the trading bloc.

Germany told its EC partners not to worry about its deficit. Page 13.

The separate French and Spanish proposals, presented at a meeting of EC economics and finance ministers, were made in "a spirit of compromise," said Pierre Bérégovoy, the French finance minister.

The two proposals seek to find ways for the European Community to advance toward a single currency and monetary policy during the next decade, as has been agreed by all EC nations but Britain. London has been reluctant to give up sovereignty over monetary policy or to relinquish the pound.

Instead, Britain has proposed a "hard Ecu" that would be used alongside national currencies.

The new French and Spanish proposals both contain elements of the British position. They differ mainly in their agreement that the decision for a single currency has already been made and is not conditional on future acceptance.

The French plan focuses on a strong central bank. Under it, the European System of Central Banks, modeled after the U.S. Federal Reserve, would consist of a main central bank with 12 separate ones in each member nation. The main objective of the system would be to ensure price stability.

The bank would be independent, refusing to take orders from governments or from the EC Commission or parliament.

It would be led by a council made up of the 12 governors from each national central bank and a six-person governing board with one member serving as president. Members of the governing board would be named for a five-year term.

Spain has moved to bridge the gap between Britain and its EC partners by suggesting a mechanism to smooth the way for a single currency.

The Spanish plan differs from the British blueprint in that no new parallel currency would be created. Instead it calls for a strengthening of the current Ecu.

As a basket of member EC currencies, the Ecu fluctuates in accordance with changes in the rates of its constituent parts, which means it can lose value.

Like the British plan, the Spanish proposal would ensure that the Ecu could never devalue and would adopt Britain's idea of a swap mechanism to protect the planned European central bank from losses in case an EC currency was devalued.

Chancellor of the Exchequer Norman Lamont said Monday that the Spanish proposal was particularly interesting. He said Britain was ready to consider alternative plans, but added that it was still not prepared to back a single currency until it had proved its worth.

Nonetheless, Mr. Lamont said, the conference had "got off to a good start."

Jacques Delors, president of the EC Commission, said both proposals bore the elements of a compromise with Britain. But he pointed out two key EC members — Germany and the Netherlands — have not disclosed their positions on the Ecu. *(Reuters, AFP, AP)*

Battle Shapes Up in U.S. on Trade Retaliation

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — Many members of Congress are preparing for another confrontation with the U.S. administration over trade legislation.

Resentments about the slow pace at which Japan and South Korea are opening their markets to American companies is feeding a drive for laws that would require Washington to retaliate.

The administration, which on Monday began talks with Japanese officials on demands the United States has been making for seven years about a faster pace for Japanese financial deregulation, insists it has enough legal authority to do the job. The U.S. administration bridles at curbs of presidential discretion that the spate of new bills would produce.

It also wants to avoid riling trade partners while the Gulf war is under way.

And it fears that legislative initiatives could turn protectionist in the current recession.

One focus of the conflict is on what to do about the expiration last year of what is known as the Super 301 provision of the 1988 trade legislation. That provision attacked foreign barriers by identifying "priority" nations and practices that needed attention and then set deadlines for negotiation and retaliation.

The chairman of the Senate Finance Committee's Trade Subcommittee, Max Baucus, called the law "the most successful provision" of the 1988 trade act and wants it back, with better enforcement provisions.

But the U.S. trade representative, Carla A. Hills, says there is "already an ample arsenal of tools," and expressed her opinion that Super 301 was actually "quite clumsy" because it required retaliation on a specific date even while the United States was engaged in negotiations that could open foreign markets.

The law also enraged many trading partners, who said the measure's unilateral imposition of sanctions undermined the General Agreement on Tariffs and Trade.

One congressional proposal is a bill on financial services introduced by Senator Donald W. Riegle Jr., the chairman of the banking committee, and Jake Garn of Utah, its ranking Republican.

It authorizes regulators to deny bids for expansion in the United States by financial

See TRADE, Page 13

CURRENCY RATES

Cross Rates

Jan. 28

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	Not Available										
Brussels	30.6225	60.215	20.604	6.0615	2.7417 *	18.276	—	24.32	0.232	26.40	32.79 *
Frankfurt	1.4873	2.92	—	0.2943	0.1331 *	0.8871	4.854 *	1.1794	1.124 *	1.2883	1.583 *
London (a)	1.965	—	2.925	9.9399	2,193.50	3.296	60.145	2.4796	259.44	2.2827	183.86
Madrid	93.441	183.482	62.883	18.489	8.361 *	55.73	3.15	74.887	70.654 *	80.59	—
Milan	1,118.35	2,194.10	751.17	221.85	—	666.40	36.466	886.37	8.446	961.74	11.97
New York (b)	—	1.965 a	1.488	5.0545	1,116.50	1.6773	30.635	1.2634	131.72	1.1624	93.195
Paris	5.857	9.922	3.3986	—	0.4524 *	3.0146	0.165	4.0094	3.8194 *	4.3585	5.4135 *
Tokyo	132.78	259.56	89.15	26.24	0.1187	79.09	4.3381	105.32	—	114.16	1.4181
Toronto	1.1622	2.2849	0.7818	0.2301	1.041 *	0.6932	3.786 *	0.9214	0.8835 *	—	1.247 *
Zurich	1.2615	2.4782	0.8481	0.2496	0.1129 *	0.7523	4.1145 *	—	0.955 *	1.0844	1.3492 *
1 ECU	1.3773	0.7016	2.0495	6.9638	1,539.85	2.3103	42.2185	1.7361	182.22	1.4005	128.642
1 SDR	1.4347	0.7307	2.1339	7.2534	1,604.72	2.4066	43.9701	1.8085	190.317	1.6719	134.083

Closings in Amsterdam, London and Zurich, fixings in other centers. New York closing rates and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	7685.0	Greek drac.	158.30	Mex. peso	2926.00	S. Afr. rand	2.547
Austral. $	1.2771	Hong Kong $	7.7942	N. Zealand $	1.6728	Soviet ruble*	0.5559
Austr. schil.	10.47	Indian rupee	18.45	Norw. krone	5.8105	Swed. krona	5.595
Brazil cruz.	200.50	Indo. rupiah	1885.01	Phil. peso	27.20	Taiwan $	26.62
Chinese yuan*	5.2221	Irish £	0.5579	Port. escudo	131.30	Thai baht	25.31
Danish krone	5.717	Israeli shek.	1.9803	Saudi riyal	3.7496	Turkish lira	2969.00
Egypt. pound	2.9173	Kuwaiti dinar	n.a.	Sing. $	1.7265	UAE dirham	3.6727
Fin. markka	3.6035	Malay. ring.	2.6967	S. Kor. won	718.00	Venez. boliv.	52.12

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9544	1.9441	1.9336	Canadian dollar	1.1653	1.1687	1.1714
Deutsche mark	1.4840	1.4814	1.4784	Japanese yen	132.05	131.95	131.82
Swiss franc	1.2582	1.2567	1.2557				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Jan. 28

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	6¾-6⅞	8¾-8⅞	8 13/16-8 15/16	14 1/16-14¼	9 13/16-10	8 1/16-8 3/16	9 15/16-10 1/16	8⅝
2 months	6 13/16-6 15/16	8⅞-9	8 13/16-8 15/16	14 1/16-14⅛	9 13/16-10⅛	8-8⅛	10 1/16-10 3/16	8⅝
3 months	6 13/16-7 1/16	9⅛-9¼	8 13/16-8 15/16	13⅞-13 15/16	10-10 1/16	8⅛-8¼	10 1/16-10 3/16	8½
6 months	6 15/16-7 1/16	9¼-9⅜	8 11/16-8 13/16	13⅜-13½	10 1/16-10¼	7⅞-8	10 1/16-10 3/16	8½
1 year	7⅛-7¼	9⅜-9½	8⅛-8¼	12¾-12⅞	10¼-10⅜	7⅝-7¾	10⅜-10½	8½

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Jan. 28

	Close	Prev.
United States		
Discount rate	6½	6½
Prime rate	9½	9½
Federal funds	8½	8.00
Com paper 90-179 days	6.68	6.68
3-month Treasury bills	6.23	6.17
6-month Treasury bills	6.25	6.22
1-year Treasury bills	6.23	6.19
30-year Treasury bond	8.22	8.23
2-month CD's	6.30	6.20
3-month CD's	6½	6⅜
Japan		
Discount rate	6.00	6.00
Call money	8 1/16	8 1/16
2-month interbank	8 1/16	8 1/16
3-month interbank	8 1/32	8 1/32
Germany		
Discount rate	6.00	6.00
Lombard rate	8½	8½
Call money	8¾	N.Q.
1-month interbank	8.80	8.80
3-month interbank	9.20	9.25
6-month interbank	9.30	9.40
Britain		
Bank base rate	14.00	14.00
Call money	14 1/16	14.00
3-month interbank	13 15/16	13 15/16
6-month interbank	13½	13 7/16
France		
Intervention rate	9¼	9¼
Call money	10 1/16	10.00
1-month interbank	9 15/16	9 15/16
3-month interbank	10 1/16	10.00
6-month interbank	10⅛	10⅛

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Jan. 28

1 month	6 13/16-6 15/16
2 months	6⅞-7
3 months	7-7⅛
6 months	7-7⅛
1 year	7 1/16-7 3/16

Source: Reuters.

U.S. Money Market Funds

Jan. 28

Merrill Lynch Ready Assets
30-day average yield: 7.16
Telerate Interest Rate Index: 6.782

Source: Merrill Lynch, Telerate.

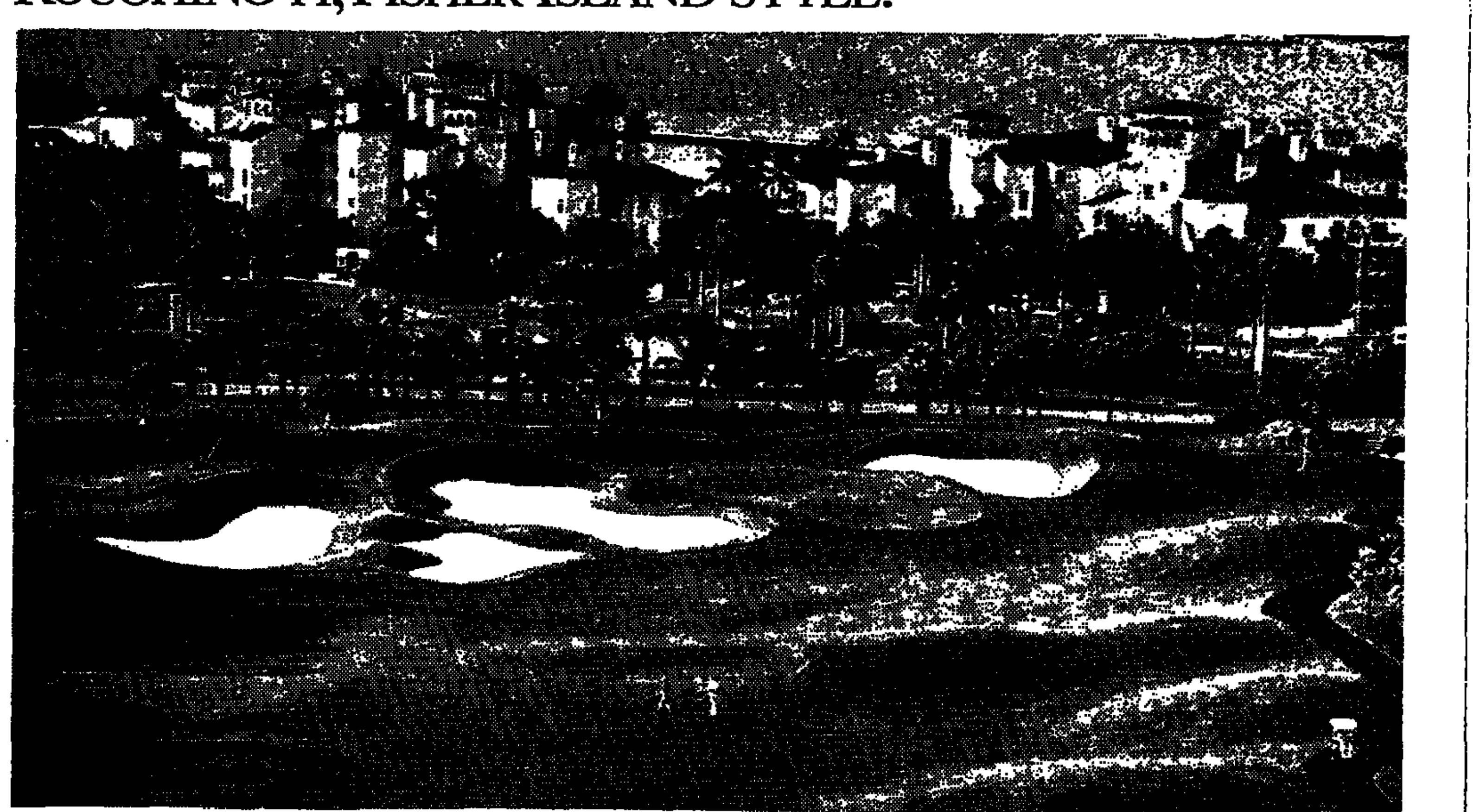
GOLD

Jan. 28

	A.M.	P.M.	Ch'ge
Hong Kong	374.25	374.45	+ 0.10
Luxembourg	374.55	—	+ 0.40
Paris (12.5 kilo)	377.27	376.41	— 0.97
Zurich	374.45	374.85	+ 0.40
London	374.50	374.50	+ 0.25
New York	—	376.75	+ 0.80

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

ROUGHING IT, FISHER ISLAND STYLE.



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MARKET DIARY

Stocks End Mixed On Profit-Taking

United Press International

NEW YORK — Stocks closed mixed in very light trading Monday on the New York Stock Exchange, as new Iraqi missile attacks on Saudi Arabia and Israel prompted some profit-taking in the Dow industrials.

The Dow Jones industrial average, which rose 16.34 points Friday, fell 4.95 to close at 2,654.46.

N.Y. Stocks

Among broader gauges, the New York Stock Exchange composite index edged up 0.09 to 183.47 and Standard & Poor's 500-stock index slipped 0.04 to 336.03.

Advances led declines by a 3-2 margin. Volume was 141.27 million shares, down sharply from 193.41 million Friday.

The market opened almost unchanged and drifted higher in a very quiet session. But analysts had expected some profit-taking following the Dow's close above 2,650 Friday, and late news of some missile attacks against Saudi Arabia and Israel provided the perfect excuse to cash in some blue-chip stocks just before the close.

"It was really just some profit-taking," Ron Doran, director of institutional trading at C.L. King & Associates in Albany, New York, said of the late decline in the Dow.

As for the low volume, Mr. Doran said "some people are taking a lower profile after putting money to work over the past few sessions."

On the trading floor, IBM was the most active issue, up 1¾ to 124⅜, a new 52-week high. The previous high was 123⅛, set July 16. Analysts said the move was in response to Big Blue's strong earnings report earlier this month.

General Electric followed, up ¾ to 60⅜. Philip Morris was third, up ¼ to 55⅛.

Dollar Eases Slightly While Yen Posts Gains

Reuters

NEW YORK — The dollar closed modestly lower in quiet trading Monday as traders awaited fresh impetus to move the market.

The dollar ended at 1.4880 Deutsche marks, up marginally from the New York opening of 1.4877 DM

Foreign Exchange

but down a bit from last Friday's close of 1.4905.

"It was a day that ended up with a lot of people frustrated" because so little happened, said Jerome Egan, chief dealer for First National Bank of Boston.

The day's only notable move was a rise in the yen. The dollar fell to 131.72 yen, down from the opening of 132.35 and below Friday's close of 132.55.

David Marshall, senior currency analyst at MMS International, attributed the yen's strength to the recent softness of oil prices and the Bank of Japan's reluctance to cut interest rates.

Charles Spence, vice president of First Interstate Bank in Los Angeles, said most corporate players have established neutral positions to avoid exposing themselves to war-related currency shifts.

Without corporate flows to trade off, speculators have difficulty making money and are staying away from the market also, he said.

Dealers said the Gulf war was having little effect on the market. "Anything short of a ground attack by the U.S. won't get much reaction," Mr. Marshall said.

The dollar also closed at 1.2634 Swiss francs, virtually unchanged from 1.2630 Friday, and at 5.0545 French francs, down from 5.0670. The pound rose to $1.9650 from $1.9565 Friday.

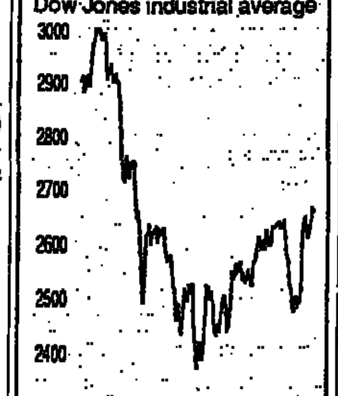
In London earlier, the dollar ended marginally higher in a cautious session that saw no attempt to move the U.S. currency out of very narrow ranges.

The dollar closed at 1.48875 DM, up from 1.4880 DM Friday, and at 132.215 yen, up from 132.15.

Via Associated Press Jan. 28

The Dow

Daily closings of the Dow Jones industrial average



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Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2657.43	2688.61	2635.15	2654.46	— 4.95
Trans	1035.61	1046.37	1024.48	1032.62	— 4.05
Util	206.74	207.56	205.17	206.17	— 0.76
Comp	957.00	966.62	948.49	955.18	— 2.44

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	398.38	396.25	396.73	+ 0.15
Transp.	255.83	254.38	254.66	— 0.75
Utilities	138.33	137.70	137.87	+ 0.10
Finance	24.45	24.29	24.30	— 0.14
SP 500	337.41	335.81	336.03	— 0.04
SP 100	318.83	316.77	317.18	+ 0.10

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	184.03	183.47	183.47	+ 0.09
Industrials	229.43	228.66	228.66	+ 0.21
Transp.	154.70	154.20	154.20	Unch.
Utilities	88.79	88.53	88.53	+ 0.03
Finance	126.23	125.88	125.88	— 0.25

NASDAQ Indexes

	High	Low	Close	Ch'ge
Composite	397.48	393.56	396.80	+ 2.52
Industrials	439.33	434.47	437.42	+ 2.10
Finance	365.02	362.50	364.74	+ 1.72
Insurance	466.84	461.13	465.79	+ 3.34
Utilities	512.21	500.90	511.23	+ 9.60
Banks	261.90	258.11	261.80	+ 2.96
Transp.	447.87	443.10	446.09	— 1.06

AMEX Stock Index

High	Low	Close	Ch'ge
310.38	308.40	309.84	+ 1.29

Dow Jones Bond Averages

	Close	Ch'ge
20 Bonds	92.47	+ 0.20
10 Utilities	94.48	+ 0.39
10 Industrials	90.46	+ 0.01

Market Sales

NYSE 4 p.m. volume	141,270,000
NYSE prev. cons. close	231,991,560
Amex 4 p.m. volume	12,940,000
Amex prev. cons. close	13,430,000
NASDAQ 4 p.m. volume	128,503,300
NASDAQ prev. 4 p.m. volume	158,079,200
NYSE volume up	72,224,120
NYSE volume down	50,007,070
Amex volume up	7,430,750
Amex volume down	2,588,900
NASDAQ volume up	73,147,015
NASDAQ volume down	33,344,555

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	Short*
Jan. 25	500,718	631,312	47,164
Jan. 24	625,713	606,961	10,313
Jan. 23	563,968	515,771	6,188
Jan. 22	558,021	561,262	3,425
Jan. 21	608,477	567,222	19,115

*Included in the sales figures.

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
IBM	24782	125	122⅞	124⅜	+1¾
GenEl	20399	61⅛	59⅞	60⅜	+ ¾
SouthCo	18488	27	26¾	27	+ ¼
Mobil	14858	57¾	56⅝	57¼	
PhilMr	14881	55⅝	54⅝	55⅛	+ ¼
Boeing s	14118	48⅞	46⅜	46⅞	—2¼
ProctG	13541	80⅞	77⅞	77⅞	—2⅛
AT&T	13083	31¾	31⅛	31⅝	+ ⅜
PepsiC s	12705	27	26⅜	26⅝	— ⅜
McDonl	12032	29⅛	27⅝	27⅝	— ¾
Human	11528	41	39⅜	40⅝	+1⅛
Fluor	11406	39⅝	37⅞	39⅝	+1⅛
EastUtl	10332	24⅛	23⅞	23⅞	— ¼
Texinst	9911	35⅛	34	34	— ⅝
BakrHu	9843	24⅝	24⅛	24⅛	— ⅛

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
SNk I93wt	11153	17⅞	17⅜	17⅝	+ ⅛
EksNk wt	9680	8½	8¼	8½	
FruitL	8260	10⅛	9⅝	10	+ ⅜
Amdhl	5384	14⅝	14⅛	14¼	+ ½
Incstar	4146	6	5½	6	+ ½
RhnP rt	3674	8	7½	7¾	+ ⅜
BAT In	3355	11⅝	11⅛	11⅝	+ ⅝
SNk I93wt	3040	19	18⅝	18⅝	
ComCr	2124	14⅞	14⅛	14⅞	+ ⅛
Coron s	1933	3⅛	3⅞	3⅛	— ⅛
ChevSft	1837	10	9⅝	9⅝	
ENSCO	1498	2½	2⅜	2⅜	— ⅛
WangB	1467	2⅝	2⅝	2⅝	— ⅛
OMI	1457	6	5½	5⅞	+ ¼
Thermo	1456	14½	13½	14½	+1

NYSE Diary

	Close	Prev.
Advanced	944	982
Declined	605	554
Unchanged	451	464
Total Issues	2000	2000
New Highs	49	62
New Lows	11	7

Amex Diary

	Close	Prev.
Advanced	326	323
Declined	200	186
Unchanged	210	235
Total Issues	736	744
New Highs	22	21
New Lows	7	11

NASDAQ Diary

	Close	Prev.
Advanced	1,022	1,139
Declined	769	678
Unchanged	2,367	2,342
Total Issues	4,158	4,159

S&P 100 Index Options

Jan. 28

Strike Price	Calls-Last Feb	Mar	Apr	May	Puts-Last Feb	Mar	Apr	May
265	—	—	—	—	⅛	⅛	—	—
270	—	—	—	—	⅛	1⅛	—	—
275	—	—	—	—	⅜	⅞	—	—
280	37⅛	—	—	—	½	1⅜	3⅛	—
285	32½	—	—	—	⅝	2⅛	3⅜	—
290	28	30⅝	—	—	⅝	2⅜	4⅛	—
295	22⅛	—	—	—	1⅛	3½	5⅝	—
300	18⅛	21⅛	25½	—	1⅜	4⅛	6⅛	8
305	13⅞	18⅝	—	—	2⅛	5⅞	7⅝	—
310	9⅝	13⅛	17⅞	—	3⅛	7	9⅝	11
315	6½	10⅝	14½	—	5	8⅝	10⅝	—
320	3⅝	7⅝	11	12⅛	7½	11	13⅛	—
325	1⅝	5⅛	8	—	10⅛	13⅛	15⅝	—
330	⅝	3⅛	6	7⅝	14⅛	17½	18	—
335	⅛	1⅝	4⅛	—	19	20	21½	—

Calls: total vol. 60,820 ; total open int. 298,484
Puts: total vol. 71,887 ; total open int. 376,469

	Dec 92	Dec 93	Dec 92	Dec 93
30	5⅛	6⅛	2⅛	—
32½	3⅛	—	3⅛	—

Calls: total vol. 134 ; total open int. 4,628
Puts: total vol. 444 ; total open int. 20,899
Source: CBOE.

Currency Options

Jan. 28

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Feb	Mar	Jun	Puts—Last Feb	Mar	Jun
31,250 British Pounds-cents per unit.							
Pound	170	s	r	r	s	r	0.30
196.48	180	r	r	r	r	r	1.25
196.48	185	r	r	r	r	0.23	2.46
196.48	187½	8.80	r	r	0.05	r	r
196.48	190	6.48	6.40	r	r	1.23	r
196.48	192½	r	4.42	r	0.60	r	r
196.48	195	2.08	r	r	1.35	3.05	r
196.48	197½	0.98	1.77	r	2.70	r	r
196.48	200	r	1.08	r	r	r	r
196.48	202½	r	0.61	r	r	r	r
196.48	205	r	0.30	1.43	r	r	r
50,000 Canadian Dollars-cents per unit.							
Dollr	84	r	r	r	r	0.15	r
86.02	85	r	r	r	r	0.39	r
86.02	85½	r	r	r	r	0.58	r
86.02	86	r	r	r	0.46	r	
62,500 German Marks-cents per unit.							
Mark	65	r	r	r	0.09	r	r
67.22	65½	r	2.08	s	r	0.41	
67.22	66	r	1.62	2.22	0.20	0.56	1.48
67.22	66½	r	r	s	0.37	r	
67.22	67	0.67	1.06	r	0.51	0.95	1.97
67.22	67½	0.43	0.78	s	r	r	
67.22	68	0.24	0.62	r	r	r	r
67.22	68½	0.15	r	s	r	r	
67.22	69	0.09	r	r	r	r	r
67.22	72	r	0.06	r	r	r	
6.25 mil Yen-100ths of a cent per unit.							
Yen	69	r	r	r	r	r	0.26
75.90	73	r	r	3.47	r	0.36	r
75.90	73½	r	r	s	0.15	r	
75.90	74	r	r	r	0.25	0.60	r
75.90	75	r	r	r	0.43	1.02	r
75.90	75½	0.84	r	s	0.73	r	
75.90	76	r	1.01	1.79	0.85	r	r
75.90	77	0.31	r	r	r	r	r
75.90	77½	0.18	r	s	r	r	
75.90	82	r	0.33	r	r	r	
62,500 Swiss Francs-cents per unit.							
Franc	73	r	r	r	r	r	0.41
	74	r	r	r	r	r	1.04
	77	r	r	r	r	0.42	1.43
	78	1.47	r	r	0.26	0.74	r
	79	0.74	r	2.17	0.55	r	2.25
	80	0.48	r	r	r	r	r
	80½	0.22	0.62	s	r	r	s
	81	0.19	r	r	r	r	r
	82	r	0.20	r	r	r	

Total call vol. 18,427; Call open int. 262,610
Total put vol. 9,967; Put open int. 366,637
r—Not traded. s—No option offered.
Last is premium (purchase price).

Dividends

Company	Per	Amt	Pay	Rec
USUAL				
Arkla Exploration	Q	.05	3-15	2-22
Arts-Way Manufact	Q	.10	2-25	2-11
Carriage Indus	Q	.02½	3-5	2-15
HeartFed Finl	Q	.10	2-22	2-8
Homestake Mining	Q	.05	2-20	2-6
Middlesex Water Co	Q	.47	3-1	2-15
Old National Bncp	Q	.21	3-15	3-1
Sanderson Farms	Q	.07½	2-18	2-4
Wicor Inc	Q	.36	2-28	2-8

a-annual; m-monthly; q-quarterly; s-semi-annual

Source: UPI.

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European Futures

	Close		High	Low	Prev. Close	
SUGAR (FOX) U.S. Dollars per metric ton-lots of 50 tons						
Mar	194.20	194.40	198.00	194.00	197.00	197.20
May	196.20	196.80	200.00	196.00	198.80	199.60
Aug	201.20	202.40	205.40	201.40	204.20	204.80
Oct	200.80	202.20	205.20	201.60	203.40	204.00
Dec	201.20	203.60	203.80	203.80	202.00	205.60
Mar	201.60	203.60	205.40	204.00	205.00	205.60
May	203.40	205.80	207.20	207.20	206.80	207.40
Est. Sales 927.						
COCOA (FOX) Sterling per metric ton-lots of 10 tons						
Mar	631	633	634	626	632	633
May	664	666	668	659	665	666
Jul	693	695	695	689	695	696
Sep	723	724	725	718	724	725
Dec	754	756	755	749	754	755
Mar	780	782	782	776	781	782
May	800	805	802	800	805	806
Est. Sales 3,181.						
COFFEE (FOX) Sterling per metric ton-lots of 5 tons						
Jan	525	527	530	517	533	535
Mar	526	527	536	516	537	538
May	531	532	540	524	537	540
Jul	544	546	550	538	552	554
Sep	559	560	564	553	568	569
Nov	570	574	585	570	584	585
Jan	583	588	590	584	595	600
Est. Sales 10,739.						

	High	Low	Close		Ch'ge
WHITE SUGAR (Matif) Dollars per metric ton-lots of 50 tons					
Mar	294.00	291.00	294.30	295.40	+ 2.30
May	293.80	292.00	292.80	293.50	+ 2.30
Aug	300.50	299.30	298.50	300.50	+ 0.70
Oct	276.80	276.00	275.00	277.00	+ 1.00
Dec	N.T.	N.T.	270.00	272.00	+ 1.00
Mar	N.T.	N.T.	274.00	276.00	+ 1.00
Est. sales 771. Prev. sales 1,025. Open interest 12,017.					

	High	Low	Last	Settle	Ch'ge
GASOIL (IPE) U.S. dollars per metric ton-lots of 100 tons					
Feb	220.50	215.00	215.50	215.50	— 6.00
Mar	196.50	193.50	195.00	194.50	— 2.25
Apl	180.50	178.00	178.00	178.00	— 2.25
May	175.00	170.00	172.25	172.00	Unch.
Jun	175.00	170.00	172.50	172.25	+ 0.25
Jul	174.00	170.00	171.00	171.00	Unch.
Aug	173.00	171.00	173.00	170.00	— 0.50
Sep	173.00	173.00	173.00	173.00	Unch.
Oct	N.T.	N.T.	N.T.	172.75	— 0.25
Est. Sales 8,680. Prev. sales 7,995. Open interest 53,150					
BRENT CRUDE OIL (IPE) U.S. dollars per barrel-lots of 1,000 barrels					
Mar	19.95	19.55	19.86	19.87	— 0.13
Apr	19.35	19.00	19.30	19.32	+ 0.02
May	18.80	18.50	18.79	18.88	+ 0.38
Jun	N.T.	N.T.	N.T.	18.30	+ 0.39
Jul	18.10	18.10	18.05	18.38	+ 0.20
Aug	18.25	18.25	17.95	18.30	+ 0.20
Est. Sales 17,000. Prev. sales 17,014. Open interest 68,525					

Sources: Matif, Int'l Petroleum Exchange, Reuters.

London Metals

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1485.00	1487.00	1483.00	1485.00
Forward	1518.00	1519.00	1515.00	1516.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1185.00	1187.00	1191.00	1193.00
Forward	1207.00	1208.00	1215.00	1216.00
LEAD Sterling per metric ton				
Spot	301.00	302.00	304.00	306.00
Forward	317.00	317.50	319.50	320.00
NICKEL Dollars per metric ton				
Spot	8550.00	8570.00	8625.00	8635.00
Forward	8525.00	8550.00	8580.00	8590.00
TIN Dollars per metric ton				
Spot	5570.00	5580.00	5610.00	5620.00
Forward	5685.00	5690.00	5720.00	5725.00
ZINC (Special High Grade) Dollars per metric ton				
Spot	1162.00	1164.00	1183.00	1185.00
Forward	1159.00	1160.00	1180.00	1182.00

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.674	0.665
Coffee, lb	0.83	0.83
Copper electrolytic, lb	1.152	1.25
Iron FOB, ton	213.00	213.00
Lead, lb	0.33	0.33
Silver, troy oz	3.79	3.865
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	105.17	105.17
Tin, lb	3.454	3.4731
Zinc, lb	0.5921	0.5921

U.S. / AT THE CLOSE

U.S. Earnings Rise; Spending, Too

WASHINGTON (AP) — Americans earned 6.0 percent more in 1990 than they did in 1989 — and spent every bit of it, the government said Monday.

Personal income gained 6 percent after rising 7.7 percent the year before. Personal consumption spending also increased 6 percent, after rising 6.6 percent the year before. In December, personal income was up 0.7 percent, while spending, boosted by the holiday shopping season, also rose 0.7 percent, the Commerce Department said.

Procter & Gamble Profit Jumps 40%

PITTSBURGH (Reuters) — Procter & Gamble Co.'s second-quarter results rose almost 40 percent over the year-earlier period, thanks largely to strong overseas growth.

Analysts said Monday that the results were in line with Wall Street expectations. "The quarter was just more of the same; good international growth, spurred by Europe," said Andrew Shore of Prudential Bache.

Procter's net income for the second quarter, which ended Dec. 31, was $490 million, compared with $350 million a year earlier.

McDonald's Posts Record Earnings

OAK BROOK, Illinois (Reuters) — McDonald's Corp. said Monday it posted record sales and earnings for 1990, but said 1991 will be a more difficult year from both economic and competitive viewpoints.

McDonald's said it is reducing investment costs through design efficiences, emphasizing local markets to build sales and accelerating new product and promotional activity.

The international chain had net income of $802.3 million, or $2.20 a share, on sales of $18.76 billion. In 1989, it earned $1.95 a share on sales of $17.33 billion. Fourth-quarter sales rose to $4.82 billion from $4.47 billion, despite slightly lower sales by existing U.S. restaurants.

McDonnell and Fujitsu to Cooperate

TOKYO (AP) — Fujitsu Ltd., Japan's largest computer maker, agreed Monday to exchange technology with McDonnell Douglas Corp. and distribute in Japan computer software produced by the U.S. aircraft maker, officials said.

Under the agreement, Fujitsu is to acquire technology involving three-dimensional mechanical computer-aided design and computer-aided manufacturing software from McDonnell. Fujitsu also will distribute the software, known as Unigraphics, in Japan.

In return, McDonnell Douglas is to distribute Fujitsu's two-dimensional software outside Japan, while obtaining Fujitsu technology and use of its distribution system in Japan.

Tonka in Talks on a Possible Sale

MINNETONKA, Minnesota (Combined Dispatches) — The third-largest U.S. toy maker, Tonka Corp., said Monday that it has been having preliminary discussions about a possible sale of the company.

A family group owned by Malcom Glazer said last year that he holds an 8.6 percent stake in Tonka and may seek control of the toymaker. Mr. Glazer declined to comment Monday.

Tonka also said it expects to report a substantial loss in the fourth quarter of 1990 and the full year. *(Reuters, AP)*

For the Record

Sears, Roebuck & Co. did not comment directly on speculation by analysts that at a board meeting next month it may consider the sale of its catalogue business, but said it looks for growth from the unit. *(Reuters)*

BellSouth Services and **International Business Machines Corp.** reached a three-year agreement to study emerging high-speed networking technologies. *(Reuters)*

American Telephone & Telegraph Co. is trying to lease most of the space in its headquarters at 550 Madison Avenue and planning to shift its employees to less expensive office space. *(NYT)*

Grand Metropolitan PLC said its U.S. food unit, Pillsbury, agreed to sell four flour mills to Cargill Inc. for about $100 million. *(Reuters)*

CFTC Brings Fraud Charges

Reuters

WASHINGTON — The Commodity Futures Trading Commission said Monday it filed a nine-count complaint against two firms and five brokers at the New York Mercantile Exchange charging them with fraud in handling customer orders.

The complaint was filed against RIS Commodities Inc., of New York, and Gerald Inc., of Chicago, the CFTC said.

The complaint charged the firms and individuals with fraud in 148 transactions between June and November 1988.

The CFTC said the transactions allegedly involved trading ahead of customer orders and non-competitive executions of customer orders.

Individuals charged were David Rousso, of Hoboken, New Jersey; Neil McGoldrick, of Garden City, New York; Richard Henriksen, of Brooklyn, New York; Kathleen Farley, of New York City, and William Reidy, of Chicago.

OIL: *IEA Acts to Reassure Markets*

(Continued from first finance page)

over the initial success of the attack led by the United States. But they acknowledged privately that President George Bush's announcement that the United States would release 1.1 million barrels a day from its strategic oil reserve helped pull the rug out from under oil prices.

With the price of oil now no higher than it was before Iraq invaded Kuwait on Aug. 2, some critics have said there is no need for the IEA to go ahead with its plan.

But officials said it would be a mistake to reverse course. While crude oil is amply available, some energy officials fear that an all-out ground attack on Iraqi forces in Kuwait could quickly test the ability of oil refineries to meet the needs of the allied forces for gasoline and aviation fuel.

Any reversal of policy might also destabilize oil markets.

WORLD STOCK MARKETS

Agence France Presse Jan. 28

	Close	Prev.
Amsterdam		
ABN Amro Hld	33.80	33
ACF Holding	31.80	31.50
Aegon	115.80	115.50
Ahold	63.10	64
Akzo	78.80	78.50
AMEV	50.50	48.80
A'Dam Rubber	3.60	3.35
Bols	181	177
Buhrmann Tett	49.70	48.90
Center Parcs	21.50	21.50
CSM	81.20	81.00
DAF	17.90	17.80
DSM	95.50	95.50
Elsevier	72.80	72.40
Fokker	27.70	27.50
Gist-Brocades	28.20	28.10
Heineken	132.50	132.50
Hoogovens	43.20	43.40
Hunter Douglas	55.60	55.50
IHC Caland	45.50	44.60
Inter Mueller	72.30	72.30
KLM	19.90	20.10
KNP	39	39
Nat Neder	59.50	N.Q.
Nedlloyd	39.90	39.70
NMB Postbank	45.30	N.Q.
Oce Grinten	42	41.50
Pakhoed	168.50	167.50
Philips	22.40	21.90
Robeco	86.90	86.80
Rodamco	54.70	54.20
Rolinco	80.60	80.40
Rorento	61.20	61.30
Royal Dutch	125.70	125.40
Unilever	146.60	146.40
Van Ommeren	39.90	40.30
VMF Stork	43.40	43.20
VNU	79.40	78.50
Wessanen	65.80	65.10
Wolters Kluwer	47.10	46.60
CBS Gen'l Trend Index : 80.30		
Previous : 79.70		
Brussels		
AG Fin	5950	6000
Arbed	3040	2990
Barco	994	1006
Bekaert	6730	6810
Cockerill	N.A.	140
Cobepa	4610	4480
Delhaize	5870	5780
EBES	N.A.	—
GB-Inno-BM	41.10	1002
GBL	N.Q.	3080
Gevaert	6150	6100
Hoboken	N.A.	10800
Intercom	148.25	148.75
Kredietbank	3295	3305
Petrofina	9760	9790
Royal Belge	3650	3650
Soc Gen Baue	4195	4165
Soc Gen Belgique	1965	1970
Sofina	10000	10025
Solvay	10600	10550
Tractebel	2810	2950
UCB	16400	16575
Unerg Ps	N.A.	—
Current Stock Index : 4826.36		
Previous : 4822.13		
Frankfurt		
AEG	198.50	193.50
Allianz Hold	2110	2115
Altana	473	471
Asko	780	835
BASF	208.10	204.60
Bayer	228	224.50
Bay. Hypo bank	303	301
Bay Vereinsbk	327	319
BBC	785	N.Q.
BHF Bank	366	366
BMW	381	382
Commerzbank	233	232.50
Continental	224.50	229
Daimler Benz	538.50	540
Degussa	302.50	306
Dt Babcock	142.80	141.50
Deutsche Bank	592.50	592.50
Douglas	729.50	733
Dresdner Bank	332	332
Feldmuehle	450	450
Harpener	475	480
Henkel	440	440
Hochtief	1125	1105
Hoechst	213.10	209.50
Hoesch	186	185
Holzmann	1092	1080
Horten	172	172
IWKA	263	265
Kali Salz	127	129.50
Karstadt	566	573
Kaufhof	430	428
KHD	156	162
Kloeckner Werke	107	108
Krupp Stahl	128	128.50
Linde	745.50	750
Lufthansa	100	105.50
MAN	211	222.50
Mannesmann	267.20	267.50
Metallgesell	402	415.80
Muench Rueck	2110	2110
Nixdorf	283.50	284
PKI	312	312
Porsche	700	695
Preussag	336.50	333.50
PWA	182	182
RWE	355.50	356.30
Rheinmetall	282	283
Schering	683.50	687
SEL	290	296
Siemens	583	583

	Close	Prev.
Thyssen	182.80	181.80
Varta	292	295
Veba	302.50	298.50
VEW	194.60	195.20
Viag	324.30	325
Volkswagen	323.80	326
Wella	673	675.50
DAX Index : 1382.68		
Previous : 1381.43		
FAZ Index : 598.54		
Previous : 591.31		
Helsinki		
Amer A	41	40
Enso-Gutzeit	18	18.50
K.O.P.	23	26.20
Kymmene	51	50
Nokia	52	53
Pohjola	88	88
Stockmann	100	100
United Papers	N.A.	—
Wartsila	N.Q.	—
Unitas Index : 351.30		
Previous : 351.30		
Hong Kong		
Bk East Asia	14.10	14.10
Cathay Pacific	7.40	7.45
Cavendish Int'l	3.45	3.48
Cheung Kong	13.90	13.80
China Light Pwr	16.20	16.40
Dairy Farm Int'l	10.50	10.40
Hang Lung Dev	5.75	5.70
Hang Seng Bank	25.40	25.40
Henderson Land	8.70	8.80
HK Air Eng.	16	16.40
HK China Gas	10.80	10.80
HK Electric	10.20	9.95
HK Land	7.50	7.65
HK Realty Trust	4.42	4.38
HK Shang Bank	4.90	5
HK Shang Htls	3.95	3.98
HK Telecomm	6.45	6.55
HK Ferry	3.98	3.95
Hutch Whampoa	13.10	13.20
Hysan Dev	1.19	1.18
Jardine Math.	28.30	28.50
Jardine Str Hld	15.10	15
Kowloon Motor	5.85	5.70
Mandarin Orient	4.28	4.25
Miramar Hotel	5	5
New World Dev	8.10	8.15
SHK Props	16	15.90
Stelux	2.45	2.70
Swire Pac A	14.70	14.50
Tai Cheung Pros	3.65	3.58
TVE	0.97	0.99
Wharf Hold	8.35	8.25
Wing On Co	7.45	7.50
Winsor Ind.	7.15	7.15
World Int'l	4.60	4.48
Hang Seng Index : 3198.29		
Previous : 3204.36		
Johannesburg		
AECI	13.75	14
Altech	80	80
Anglo Amer	85	85.75
Barlows	34.75	35
Blyvoor	10.15	10.15
Buffels	40	40
GFSA	59	60
Harmony	24.25	24
Highveld Steel	13.10	13.10
Kloof	24.50	25.25
Nedbank Grp	10.70	10.70
Rusplat	52.25	53
SA Brews	38.25	37.75
St Helena	27	27.75
Sasol	12.25	12.60
Welkom	16.75	16.75
Western Deep	91	91
Composite Stock Index : 2537		
Previous : 2552		
London		
Allied Lyons	4.49	4.43
Anglo Am Gld	30	29.88
AA Corp	12.75	12.94
Asda-MFI Gp	1.27	1.26
Ass Brit Foods	4.70	4.64
Barclays	3.59	3.59
Bass	9.33	9.13
B.A.T.	5.82	5.70
Blue Circle	2.14	2.17
BOC Group	5.17	5.10
Boots	3.13	3.10
Bowater	4.92	4.48
BAe	5.50	5.45
BAA	3.32	3.24
Brit Airways	1.31	1.25
British Gas	2.29	2.24
BP	2.97	2.98
British Steel	1.20	1.18
Brit Telecom	2.81	2.74
BTR	3.30	3.30
Burmah Oil	5.02	5
Cable Wire	4.70	4.72
Cadbury Sch	3.31	3.32
Charter Cons	3.98	4
Comm Union	4.58	4.54
Cookson	1	1
Courtaulds	3.22	3.27
Dalgety	3.45	3.40
De Beers	9.50	9.45
Dixons	1.42	1.44
Driefontein	5.89	5.20

	Close	Prev.
Eurotunnel	4.31	4.50
Fisons	3.56	3.51
Gen Acc F	4.83	4.87
GEC	1.81	1.83
GKN	3.11	3.06
Glaxo	8.70	8.65
Grand Met	6.33	6.28
Gt Univ Stores	14.25	14
GRE	1.90	1.86
Guinness	7.28	7.25
Hanson Tr	1.92	1.92
Hawker Sidd	4.40	4.30
ICI	8.95	8.90
Kingfisher	3.68	3.69
Land Sec	5.35	5.34
Legal Gen Grp	3.69	3.67
Lloyds Bank	3.04	2.93
Lonrho	1.92	2.05
Lucas Ind	1.31	1.30
Marks Sp	2.20	2.20
Maxwell	1.38	1.40
MB Group	1.59	1.56
Midland Bk	1.60	1.57
NatWest	2.65	2.68
Pearson Grp	6.28	6.23
P and O	4.88	4.88
Pilkington	1.84	1.83
Prudential	2.04	2.03
Racal Elec	1.80	1.79
Randfontein	N.Q.	1.78
Rank Org	5.49	5.45
Reed Int'l	3.48	3.57
Reuters	7.46	7.58
Rolls Royce	1.48	1.46
Royal Dutch	N.Q.	—
RTZ	4.39	4.36
Saatchi	0.21	0.22
Sainsbury	3.30	3.26
Sears Holds	0.86	0.82
Shell	4.28	4.29
Skbeec	6.35	6.30
STC	3.15	3.14
Std Chart Bk	2.08	2.11
Storehouse	1.03	0.97
Sun Alliance	3.33	3.29
Tate and Lyle	2.96	3.01
Tesco	2.48	2.46
Thorn EMI	6.34	6.28
T.I. Group	3.74	3.78
Trafalgar Hse	1.96	1.91
THF	2.16	2.06
Ultramar	3	3.02
Unilever	6.76	6.78
Utd Biscuits	3.38	3.33
Vickers	1.89	1.94
War Loan 3½	34.94	35.06
Wellcome	4.45	4.37
Woolworth	N.Q.	—
F.T. 30 Index : 1648.10		
Previous : 1647.40		
F.T.S.E. 100 Index : 2118.80		
Previous : 2103.80		
Madrid		
Bco. Bilbao/Viz.	2390	2395
Banco Central	4350	4400
Bco. Santander	4635	4575
Banesto	3220	3200
CEPSA	1485	1495
Dragados	2365	2345
Iberduero	674	665
Telefonica	873	877
S.E. General Index : 227.15		
Previous : 222.30		
Milan		
Banca Comm	3910	3980
Bastogi	263	264
Ciga hotels	2140	2187
CIR	2050	2085
Cred Ital	2280	2320
Enimont	1420	1430
Eridania	6575	6550
Ferruzzi Fin.	1937	N.Q.
Ferruzzi Agr.	64	N.Q.
Fiat SPA	4700	4789
Generali	29500	29690
IFI	11850	11850
Italcem	17770	17740
Italgas	2420	2451
Italmobiliare	86650	N.Q.
Mediobanca	13050	13125
Montedison	N.A.	—
Olivetti	2840	2860
Pirelli	1510	1510
RAS	16000	15600
Rinascente	5010	5060
Saipem	1205	1290
SIP	1180	1165
SME	2640	2550
Snia	1272	1261
Standa	27600	N.Q.
Stet	1790	1765
Toro Assi Risp	18450	18500
MIB current Index : 949.00		
Previous : 951.00		
Montreal		
Alcan Aluminum	24	23⅝
Bank Montreal	31⅝	32
Bell Canada	40⅛	40¼
Bombardier A	N.Q.	16
Bombardier B	15⅛	15
Cambior	N.Q.	10⅛
Cascades	3.80	3.85
Dominion Text A	5⅛	5⅛
Donohue	N.Q.	11
MacMillan Bl	16⅛	16⅝
Memotec	7½	7½
Natl Bk Canada	8⅝	8⅞
Noverco	N.Q.	—

	Close	Prev.
Power Corp.	16⅛	16⅛
Provigo	10⅛	10½
Quebec Tel	14⅛	14⅛
Quebecor A	15½	15⅝
Quebecor B	14⅛	14
Videotron	13	13
Industrials Index : 1366.26		
Previous : 1251.14		
Paris		
Accor	609	615
Air Liquide	648	648
Alcatel Alsthom	539	531
Avions Dassault	470	470
Bancaire (Cie)	488.50	500
BIC	514	512
Bongrain	2291	2298
Bouygues	457	472
BSN-GD	756	754
Carrefour	3398	3381
Cerus	110.20	111.40
Chargeurs	700	710
Club Med	397.50	401.40
Elf-Aquitaine	288	279.70
Europe 1	1030	1068
Gen. Eaux	2250	2249
Hachette	170.20	170
Havas	389	389
Imetal	230	230
Lafarge Coppee	323.20	318
Legrand	3410	3400
Oreal (L')	474.90	488.90
L.V.M.H.	3240	3310
Matra	285	277.50
Merlin Gerin	448	452
Michelin B	72.25	73.50
Moulinex	81.10	82.55
Occidentale	650	652
Paribas	444	442.90
Pernod-Ricard	960	948
Perrier	1241	1251
Peugeot	427.20	438
Printemps (Au)	509	498
Radiotechnique	290	287
Raff. St. Louis	1217	1220
Redoute (La)	3400	3372
Roussel Uclaf	1700	1760
Saint Gobain	360.50	355.60
Sanofi	797	807
S.E.B.	1180	1190
Skis Rossignol	660	699
Ste Generale A	384	378.10
Suez	287.80	289.50
Telemecanique	N.A.	—
Thomson-CSF	134	134
Total	579	573
Valeo	330	325
CAC 40 Index : 1545.69		
Previous : 1563.80		
Sao Paulo		
Banco do Brasil	43.20	36.60
Bradesco	5.15	4.99
Brahma	16.20	14.90
Paranapanema	1.28	1.20
Petrobras	239	218.51
Vale Rio Doce	49	48.99
Varig	16	14
Bovespa Index : 40665		
Previous : 37734		
Singapore		
City Dev.	2.82	2.78
DBS	9.45	9.70
Fraser Neave	7.85	7.75
Genting	N.A.	—
Harrisons Plant	1.37	1.38
Haw Par	1.90	1.87
Hume	3.40	3.48
Inchcape	3.88	3.84
Keppel	6.20	6.05
KL Kepong	2.54	2.44
Lum Chang	0.93	0.90
Malayan Banks	3.98	3.92
OCBC	7.50	7.50
OUB	4.94	4.84
OUE	5.30	5.30
Sembawang	5.85	5.70
Shangri-la	5.20	5.20
Sime Darby	2.81	2.82
SIA	10.40	10.40
S'pore Land	5.45	5.35
S'pore Press	7.70	7.40
Sing Steamship	2.42	2.36
Straits Trading	2.45	2.43
UOB	6.25	6.05
United Overseas	1.36	1.34
Straits Times Ind. : 1268.84		
Previous : 1238.75		
Stockholm		
AGA	270	275
Alfa Laval	N.Q.	175
Asea	555	530
Astra -A	421	415
Atlas Copco	209	191
Electrolux B	194	185

	Close	Prev.
Ericsson	197	185
Essette-A	110	105
Handelsbanken	N.A.	—
Norsk Hydro	148	N.Q.
Procordia AF	145	147
Saab-Scania	190	180
Sandvik	250	240
SCA-A	115	105
S-E Banken	59	56
Skandia F	N.A.	—
Skanska	310	300
SKF	87	82
Stora	300	290
Trelleborg B	108	103
Volvo	245	229
Affaersvaerlden : 903.20		
Previous : 861.12		
Market Closed		
The stock market in Sydney was closed Monday for a holiday.		
Tokyo		
Akai Electr	540	541
Asahi Chemical	680	705
Asahi Glass	1120	1170
Bank of Tokyo	1070	1070
Bridgestone	995	973
Canon	1270	1280
Casio	930	942
C.Itoh	675	670
Dai Nippon Print	1400	1400
Daiwa House	1860	1860
Daiwa Securities	1190	1180
Fanuc	4040	4050
Fuji Bank	2650	2680
Fuji Photo	3240	3180
Fujitsu	987	972
Hitachi	1130	1130
Hitachi Cable	885	910
Honda	1180	1180
Ito Yokado	3660	3480
Japan Airlines	1050	1050
Kajima	1580	1580
Kansai Power	3080	3050
Kawasaki Steel	412	410
Kirin Brewery	1450	1440
Komatsu	897	923
Kubota	615	615
Kyocera	5880	5950
Matsu Elec Inds	1640	1630
Matsu Elec Wks	1450	1450
Mitsubishi Bk	2480	2440
Mitsubishi Kasei	556	563
Mitsubishi Elec	656	660
Mitsubishi Hev	728	728
Mitsubishi Corp	1320	1340
Mitsui and Co	720	720
Mitsukoshi	1150	1160
Mitsumi	1110	1050
NEC	1380	1380
NGK Insulators	1070	1040
Nikko Securities	929	925
Nippon Kogaku	1110	1110
Nippon Oil	890	890
Nippon Steel	460	459
Nippon Yusen	555	560
Nissan	726	730
Nomura Sec	1760	1770
NTT (SF)	9044	8964
Olympus Optical	940	936
Pioneer	4470	4400
Ricoh	699	709
Sanyo Elec	550	550
Sharp	1210	1200
Shimazu	710	725
Shinetsu Chem	1160	1160
Sony	6080	6060
Sumitomo Bk	2110	2140
Sumitomo Chem	450	450
Sumi Marine	959	943
Sumitomo Metal	454	448
Taisei Corp	925	925
Taisho Marine	993	976
Takeda Chem	1670	1640
TDK	4470	4490
Teijin	510	502
Tokyo Marine	1350	1340
Tokyo Elec Pw	3880	3880
Toppan Printing	1360	1350
Toray Ind.	605	622
Toshiba	704	703
Toyota	1750	1740
Yamaichi Sec	895	899
Nikkei 225 : 23569		
Previous : 23573		
Topix Index : 1723		
Previous : 1725		

	Close	Prev.
Toronto		
Abitibi Price	12½	12¾
Agnico Eagle	6	6¼
Air Canada	8⅝	8⅝
Alberta Energy	15⅝	15⅝
Am Barrick Res	22⅛	22⅛
BCE	40⅛	40⅛
BCED	0.10	0⅛
Bk Nova Scotia	13⅛	13
BC Gas	14⅛	14⅛
BC Phone	18⅛	18⅛
BP Canada	16⅛	16⅛
Bramalea	5½	5½
Brunswick	N.Q.	7⅛
CAE	4.55	4.55
Campeau	0.45	0.41
CIBC	28⅛	28⅛
Canadian Pacific	20⅛	20⅛
Can Packers	11⅛	11
Can Tire A	23	22⅛
Canfor	N.Q.	21
Cara	N.Q.	15⅛
CCL Ind B	8⅛	8⅛
Cineplex	2⅛	2.10
Cominco	21⅛	21⅛
Conwest Expl A	N.Q.	—
Corona A	3.55	3⅛
Denison Min B	0.46	0⅛
Dickenson Min A	N.Q.	—
Dofasco	17½	17¼
Dylex A	N.Q.	—
Echo Bay Mines	9⅛	9⅛
Equity Silver A	0.70	0⅛
FCA Intl	N.Q.	—
Fed Ind A	7⅛	7
Fletcher Chall A	14⅛	14⅛
FPI	5⅛	5⅛
GoldCorp	4	4.05
Gulf Cda Res	8⅛	8⅛
Hees Intl	16⅛	16
Hemlo Gld Mines	9½	9½
Hollinger	11⅛	10⅛
Horsham	8⅛	8⅛
Hudson Bay	5½	N.Q.
Imasco	27⅛	27⅛
Inco	31	30½
Interhome	46⅛	46⅛
Jannock	12⅛	12⅛
Labatt	21⅛	22⅛
Loblaw Co	18⅛	18
Mackenzie	7⅛	7⅛
Magna Intl A	2.35	2⅛
Maritime	18⅛	18⅛
Mark Res	8	8
MacLean Hunt X	10	10
Molson A	34⅛	34½
Noma Ind A	4.40	4⅛
Noranda	16⅛	16⅛
Noranda Forest	N.Q.	7⅛
Norcen Energy	24⅛	24⅛
Nova Corp	8½	8⅛
Oshawa	34	33⅛
Pagurin A	5⅛	5⅛
Placer Dome	16⅛	16⅛
Poco Petroleum	7½	7⅛
PWA Corp	7⅛	7½
Quebec Sturgeon	N.Q.	—
Rayrock	8	8
Renaissance	13⅛	13⅛
Rogers B	7½	7
Rothmans	N.Q.	—
Royal Bank Can	23⅛	24
Royal TrustCo	8⅛	8⅛
Sceptre Res	3½	3.55
Scott's Hosp	14⅛	14⅛
Seagram	101⅛	101
Sears Can	9⅛	10
Shell Can	37⅛	37½
Sherritt Gordon	6	6
SHL Systemhse	4.40	4⅛
Southam	17⅛	17⅛
Spar Aerospace	11⅛	11⅛
Stelco A	10	9⅛
Teck B	19⅛	20
Thomson News	16⅛	16⅛
Toronto Domn	18⅛	18⅛
Torstar B	24	24⅛
Transalta Util	12⅛	12⅛
TransCda Pipe	16⅛	16⅛
Triton Finl A	11⅛	11⅛
Trimac	6⅛	6⅛
Trizec A	12⅛	12⅛
Turbo Resources	N.Q.	—
Unicorp A	N.Q.	—
Woodward's Ltd	1.55	1.55
TSE 300 Index : 3238.00		
Previous : 3235.40		
Zurich		
Adia Intl	825	835
Alusuisse	916	898
Leu Holdings	1060	1100
Brown Boveri	3940	3880
Ciba Geigy	2430	2410
CS Holding	1590	1565
Elektrow	2710	2940
Fischer	1255	1250
Interdiscount	2780	2750
Jacobs Suchard	8100	8100
Jelmoli	1430	1410
Landis Gyr	995	990
Moevenpick	4300	4420
Nestle	7390	7350
Oerlikon-B	470	465
Pargesa Hld	1000	1000
Roche Holding B	3775	3760
Safra Republic	73	72
Sandoz	1975	1955
Schindler	4230	4250
Sulzer	320	318
Surveillance	780	720
Swissair	610	635
SBC	281	275
Swiss Reinsur	556	369
Swiss Volksbank	1100	1100
Union Bank	3000	2940
Winterthur	3850	3900
Zurich Ins	1985	2800
SBS Index : 375.30		
Previous : 381.80		

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U.S. FUTURES

Via Associated Press Jan. 28

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum-dollars per bushel							
3.85	2.44½	Mar	2.55¼	2.60½	2.53¼	2.57¼	+.02
3.73	2.54¼	May	2.63½	2.67½	2.63½	2.67	+.02½
3.63	2.62	Jul	2.72½	2.78¼	2.72½	2.75¼	+.02
3.26	2.69½	Sep	2.80	2.84	2.80	2.83	+.01¼
3.17	2.81½	Dec	2.92½	2.98	2.92½	2.95½	+.02¼
3.70¼	2.89¼	Mar	2.99	3.03	2.99	3.02	+.03½
Est. Sales		Prev. Sales 6,763					
Prev. Day Open Int. 47,674 off 455							
WHEAT (KCBT) 5,000 bu minimum- dollars per bushel							
	2.59	Mar	2.64	2.59		2.61 +	.00¾
	2.65¾	May	2.70	2.65		2.67 +	.00½
	2.70½	Jul	2.75½	2.70½		2.73 +	.01¾
	2.77	Sep	2.81	2.77		2.79¼ +	.01½
	2.90	Dec	2.90	2.88		2.88 +	.01½
		Mar				2.94 +	.02½
Est. Sales	Prv. Sales 138	Prev. Day Open Int. 1,637					Chg. —32,551
CORN (CBT) 5,000 bu minimum-dollars per bushel							
3.02½	2.27¼	Mar	2.43	2.47	2.42	2.44	+.01½
3.06½	2.35	May	2.50	2.55¼	2.50	2.52	+.01¼
3.08¼	2.41½	Jul	2.57	2.61¾	2.56¾	2.58¼	+.01½
2.87½	2.40¼	Sep	2.57¾	2.61½	2.57	2.58¼	+.01¼
2.75	2.42½	Dec	2.58¾	2.64	2.58¼	2.59¾	
2.66½	2.49	Mar	2.65½	2.70	2.65½	2.66¼	
2.70¼	2.58¼	May	2.71½	2.71½	2.70½	2.70½	+.00¼
Est. Sales		Prev. Sales 37,462					
Prev. Day Open Int. 210,218 up 1,340							
SOYBEANS (CBT) 5,000 bu minimum-dollars per bushel							
7.83	5.49½	Mar	5.66	5.77	5.64½	5.70	—.01½
7.11	5.61	May	5.81½	5.91¼	5.80	5.85	—.01
7.18	5.76	Jul	5.94	6.05¼	5.93	5.99	—.00½
6.95	5.82	Aug	5.97	6.08½	5.97	6.03	+.00½
6.54	5.83½	Sep	6.00½	6.09	6.00	6.04½	+.01½
6.74	5.98½	Nov	6.07½	6.16½	6.06½	6.11	+.00½
6.42½	6.02½	Jan	6.22½	6.26½	6.22½	6.23½	+.00¼
6.54	6.11¾	Mar	6.25	6.39	6.35	6.36	+.01
Est. Sales		Prev. Sales 21,191					
Prev. Day Open Int. 104,211 off 1,218							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
212.00	161.00	Mar	161.40	164.60	160.60	163.10	+.90
208.00	166.00	May	165.90	169.50	165.50	168.20	+1.20
209.00	170.00	Jul	170.50	172.70	170.50	172.20	+.80
195.50	172.50	Aug	172.50	175.20	172.50	174.00	+.90
193.50	173.00	Sep	173.50	176.50	173.50	175.80	+1.00
189.00	172.50	Oct	174.90	177.50	174.90	177.00	+2.10
191.50	174.00	Dec	177.00	179.50	176.00	179.00	+1.20
190.50	177.80	Jan	180.00	180.00	180.00	180.00	+2.50
Est. Sales		Prev. Sales 10,777					
Prev. Day Open Int. 62,560 off 273							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
25.61	19.82	Mar	22.32	22.46	22.10	22.12	—.29
25.85	20.15	May	22.58	22.77	22.41	22.45	—.23
25.60	20.85	Jul	22.85	22.95	22.64	22.67	—.24
25.50	20.90	Aug	22.88	22.95	22.68	22.72	—.08
25.10	21.00	Sep	22.70	22.85	22.55	22.55	—.10
24.90	21.08	Oct	22.55	22.70	22.53	22.50	—.08
24.00	21.17	Dec	22.60	22.73	22.45	22.55	—.06
22.95	21.00	Jan	22.45	22.45	22.45	22.45	—.10
Est. Sales		Prev. Sales 12,790					
Prev. Day Open Int. 71,846 off 724							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
78.20	72.50	Feb	77.85	78.40	77.70	78.10	+.25
78.05	74.15	Apr	77.15	77.60	76.95	77.40	+.05
75.45	72.15	Jun	74.50	74.90	74.30	74.77	+.10
73.95	70.35	Aug	73.25	73.87	73.35	73.75	+.23
73.85	70.70	Oct	73.50	73.85	73.35	73.70	+.20
74.30	71.75	Dec	73.55	74.25	73.55	74.20	+.35
Est. Sales 17,588		Prev. Sales 15,995					
Prev. Day Open Int. 74,303 up 795							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
90.50	79.75	Jan	90.25	90.52	90.20	90.52	+.42
87.25	80.90	Mar	86.65	87.45	86.65	87.20	+.35
85.70	81.20	Apr	84.87	85.25	84.87	85.22	+.17
84.40	80.20	May	83.35	83.90	83.35	83.85	+.48
83.40	80.20	Aug	83.50	83.90	82.50	83.90	+.25
82.50	79.75	Sep	82.30	82.40	82.50	82.45	+.10
82.25	80.20	Oct	83.10	83.30	83.10	83.25	+.10
82.30	81.20	Nov	83.20	83.50	83.20	83.45	+.15
Est. Sales 1,856		Prev. Sales 1,784					
Prev. Day Open Int. 12,804 up 44							
HOGS (CME) 30,000 lbs.- cents per lb.							
54.20	45.25	Feb	53.40	54.30	53.35	54.27	+.77
51.80	43.60	Apr	51.15	51.70	50.90	51.55	+.42
56.10	47.70	Jun	55.27	55.65	54.90	55.50	+.23
55.95	48.30	Jul	55.25	55.60	54.90	55.60	+.35
53.47	46.90	Aug	53.05	53.50	52.85	53.25	+.35
48.05	42.90	Oct	48.00	48.20	47.95	48.00	+.10
48.50	44.50	Dec	48.05	48.05	47.85	47.95	+.20
48.25	44.50	Feb	48.15	48.20	48.15	48.20	+.25
Est. Sales 8,009		Prev. Sales 14,198					
Prev. Day Open Int. 22,933 up 2,386							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
73.80	48.87	Feb	67.90	69.85	67.25	69.47	+1.22
73.45	49.20	Mar	67.50	69.50	66.80	69.25	+1.13
73.12	49.58	May	68.20	69.40	67.02	69.15	+.68
72.80	50.75	Jul	67.10	68.55	66.32	68.00	+.45
70.65	51.40	Aug	65.50	66.80	64.90	66.80	+1.00
Est. Sales 5,747		Prev. Sales 6,114					
Prev. Day Open Int. 11,730 up 273							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
116.75	83.00	Mar	85.00	85.45	82.70	82.80	—3.15
122.00	87.00	May	88.25	87.90	85.20	85.45	—3.05
111.50	89.25	Jul	90.00	90.20	87.80	88.00	—2.85
113.50	91.80	Sep	92.28	92.20	90.25	90.25	—2.65
116.00	95.35	Dec	95.25	95.25	93.00	93.15	—2.85
107.50	98.00	Mar	97.50	97.50	95.50	95.50	—3.00
103.00	100.00	May				96.75	—2.50
Est. Sales 13,179		Prev. Sales 7,075					
Prev. Day Open Int. 41,815 off 473							
SUGARWORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
15.22	8.81	Mar	8.92	8.94	8.75	8.75	—.17
15.05	8.85	May	8.96	8.98	8.77	8.77	—.17
14.90	8.71	Jul	9.00	9.01	8.76	8.78	—.20
14.40	8.98	Oct	9.08	9.06	8.80	8.80	—.22
10.14	9.12	Mar	9.12	9.12	8.82	8.92	—.21
Est. Sales 13,174		Prev. Sales 10,163					
Prev. Day Open Int. 128,049 off 994							
COCOA (NYCSCE) 10 metric tons-$ per ton							
1581	607	Mar	1147	1157	1141	1154	+7
1572	1000	May	1187	1195	1181	1193	+4
1590	1060	Jul	1225	1232	1220	1232	+11
Est. Sales 1,538		Prev. Sales 3,196					
Prev. Day Open Int. 41,295 off 418							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
190.50	101.20	Mar	115.00	126.00	114.75	120.60	+4.35
190.00	101.50	May	116.00	122.70	115.75	122.00	+4.30
180.00	102.50	Jul	118.00	124.25	117.50	122.00	+2.75
Est. Sales 2,500		Prev. Sales 1,291					
Prev. Day Open Int. 6,490 up 11							
HI GRADE COPPER (COMEX) 25,000 lbs.- cents per lb.							
126.40	94.00	Jan	104.00	105.60	104.00	105.60	+1.45
120.00	99.50	Feb	105.80	105.80	105.80	105.80	+1.40
122.60	92.30	Mar	104.00	105.60	103.50	105.50	+1.30
117.90	99.85	Apr	104.00	104.80	104.00	104.95	+1.35
117.80	97.00	May	102.90	104.70	102.60	104.60	+1.35
115.00	102.30	Jun				104.30	+1.35
113.50	96.50	Jul	102.00	103.80	102.00	103.90	+1.35
107.50	102.80	Aug				103.75	+1.30
110.50	95.50	Sep				103.50	+1.25
106.00	101.50	Oct				103.05	+1.20
105.00	101.00	Nov				102.75	+1.15
108.50	94.50	Dec	101.00	102.00	101.00	102.45	+1.10
104.50	99.55	Jan				102.10	+1.00
106.80	96.00	Mar	100.50	100.50	100.50	101.50	+.85
106.20	100.00	May	100.00	100.80	100.00	100.90	+.70
103.00	103.00	Jul				100.60	+.70
103.00	102.00	Sep				100.40	+.70
Est. Sales 4,800		Prev. Sales 7,871					
Prev. Day Open Int. 35,836 up 533							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
645.0	376.0	Mar	380.5	384.3	380.5	384.8	+2.3
647.0	381.0	May	385.5	389.5	385.0	389.5	+2.6
667.5	386.5	Jul	392.0	393.5	390.5	393.5	+1.5
654.0	391.0	Sep	398.0	398.0	397.8	397.0	—.1
623.5	398.0	Dec	404.0	405.0	403.5	405.0	+.6
596.0	404.0	Jan	406.2	406.2	406.2	406.2	
613.0	409.0	Mar	413.0	413.0	411.5	411.5	—.6
557.0	420.0	Jul	422.7	422.7	422.7	422.7	
482.5	427.5	Sep	428.4	428.4	428.4	428.4	
Est. Sales 7,000		Prev. Sales 9,974					
Prev. Day Open Int. 92,321 off 1,011							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
551.00	381.50	Jan	379.00	381.50	379.00	380.00	—8.30
554.50	385.50	Apr	384.50	386.00	383.50	385.20	—8.80
528.50	389.00	Jul	388.50	389.50	388.00	389.50	—6.10
513.00	397.00	Oct	392.00	393.00	392.00	392.50	—4.70
Est. Sales		Prev. Sales 1,718					
Prev. Day Open Int. 15,710 up 304							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
142.00	80.55	Mar	87.25	88.00	87.25	87.25	—1.80
125.25	82.60	Jun	87.25	87.25	87.25	88.00	—1.20
119.40	84.00	Sep	87.50	87.50	87.50	87.50	—2.10
Est. Sales		Prev. Sales 254					
Prev. Day Open Int. 4,746 up 29							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
457.50	362.00	Feb	374.80	378.50	374.50	378.10	+2.80
408.50	375.00	Mar	376.20	376.20	375.50	375.50	—1.90
460.00	366.20	Apr	377.80	381.70	377.50	381.10	+1.90
466.20	372.00	Jun	380.50	384.60	380.50	384.40	+2.20
476.80	385.00	Oct	387.30	390.20	387.00	390.30	+1.40
483.00	384.00	Dec	391.00	393.50	391.00	393.50	+1.20
456.50	391.90	Feb	394.50	398.00	394.50	398.00	+2.20
467.00	398.50	Jun	401.00	401.00	401.00	401.00	—1.70
Est. Sales 30,000		Prev. Sales 25,285					
Prev. Day Open Int. 96,563 off 1,225							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
94.20	91.46	Mar	93.97	94.00	93.94	93.95	—.05
94.33	91.52	Jun	94.18	94.18	94.12	94.12	—.07
94.22	91.68	Sep	94.05	94.05	94.04	94.04	—.02
Est. Sales 8,701		Prev. Sales 9,077					
Prev. Day Open Int. 52,481 off 747							
5 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
101.210	97.000	Mar	101.005	101.025	100.305	101.005	+.005
101.120	99.010	Jun	100.225	100.235	100.220	100.230	+.010
Est. Sales		Prev. Sales 8,414					
Prev. Day Open Int. 73,861 off 167							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
100-6	92-22	Mar	99-5	99-11	99-4	99-8	+2
99-23	93-18	Jun	98-27	98-29	98-22	98-27	+2
98-19	97	Sep	98-14	98-14	98-11	98-14	+2
Est. Sales		Prev. Sales 25,111					
Prev. Day Open Int. 73,072 up 2,924							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
99-12	79-21	Mar	96-5	96-7	95-28	96-4	+6
99-4	82-18	Jun	95-17	95-24	95-14	95-20	+6
99-5	85-29	Sep	94-29	95-5	94-29	95-5	+8
98-20	85-19	Dec	94-14	94-20	94-14	94-20	+8
98-13	85-14	Mar	94	94-3	94	94-3	+7
97-19	85-3	Jun	93-15	93-19	93-15	93-19	+7
Est. Sales		Prev. Sales 298,423					
Prev. Day Open Int. 265,996 up 5,922							
MUNICIPAL BONDS (CBT) $1000x index-pts & 32nds of 100 pct							
92-28	85	Mar	91-6	91-16	91-4	91-15	+8
91-28	84-26	Jun	91-2	91-5	91	91-4	+9
Est. Sales		Prev. Sales 1,405					
Prev. Day Open Int. 10,230 off 141							
EURODOLLARS (IMM) $1 million-pts of 100 pct.							
92.96	89.96	Mar	92.84	92.86	92.81	92.83	—.01
93.06	89.91	Jun	92.95	92.95	92.88	92.89	—.05
92.96	90.04	Sep	92.82	92.83	92.76	92.76	—.05
92.65	90.04	Dec	92.56	92.58	92.51	92.51	—.04
92.55	90.09	Mar	92.47	92.51	92.43	92.43	—.04
92.27	90.35	Jun	92.20	92.24	92.17	92.17	—.03
92.05	90.32	Sep	91.97	92.01	91.94	91.94	—.03
91.77	90.24	Dec	91.68	91.71	91.65	91.65	—.03
91.68	90.28	Mar	91.61	91.64	91.59	91.60	—.02
91.56	90.27	Jun	91.49	91.51	91.47	91.48	—.01
91.49	90.27	Sep	91.41	91.43	91.39	91.39	—.01
91.37	90.22	Dec	91.26	91.28	91.24	91.24	—.02
91.34	90.24	Mar	91.21	91.21	91.20	91.20	—.02
91.26	90.40	Jun	91.12	91.12	91.11	91.11	—.01
91.22	90.36	Sep	91.07	91.07	91.06	91.06	—.01
91.08	90.74	Dec	90.98	90.98	90.98	90.98	
Est. Sales		Prev. Sales 140,325					
Prev. Day Open Int. 658,458 up 10,659							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.9520	1.6610	Mar	1.9454	1.9494	1.9402	1.9464	+110
1.9310	1.7660	Jun	1.9170	1.9200	1.9170	1.9190	+116
Est. Sales 8,219		Prev. Sales 18,024					
Prev. Day Open Int. 24,571 off 190							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8668	.7990	Mar	.8555	.8563	.8550	.8558	+14
.8598	.7995	Jun	.8504	.8504	.8500	.8498	+16
.8545	.7985	Sep	.8450	.8450	.8449	.8449	+15
.8532	.8268	Mar	.8360	.8360	.8360	.8360	+17
Est. Sales 2,992		Prev. Sales 11,667					
Prev. Day Open Int. 22,453 up 227							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.6800	.5820	Mar	.6704	.6711	.6689	.6703	+20
.6777	.6233	Jun	.6665	.6672	.6665	.6670	+24
Est. Sales 16,982		Prev. Sales 23,614					
Prev. Day Open Int. 50,366 up 527							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.008040	.006715	Mar	.007545	.007588	.007544	.007582	+60
.008010	.006645	Jun	.007537	.007567	.007537	.007567	+60
Est. Sales 13,342		Prev. Sales 18,609					
Prev. Day Open Int. 45,380 off 716							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.8055	.6500	Mar	.7920	.7929	.7895	.7917	+21
.8030	.7065	Jun	.7900	.7900	.7879	.7900	+27
Est. Sales 18,432		Prev. Sales 19,074					
Prev. Day Open Int. 32,453 up 747							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
78.40	63.82	Mar	77.65	78.21	77.65	78.00	—.03
77.65	64.48	May	77.16	77.40	77.11	77.35	+.19
78.38	65.67	Jul	76.05	76.25	75.95	76.00	—.02
72.85	66.77	Oct	68.60	68.60	68.45	68.50	—.10
69.10	63.75	Dec	65.69	65.74	65.35	65.40	—.20
68.50	64.65	Mar	66.30	66.35	66.19	66.10	—.11
67.20	65.10	May	66.20	66.20	66.19	66.20	
Est. Sales 4,500		Prev. Sales 9,091					
Prev. Day Open Int. 43,446 up 1,224							
HEATING OIL (NYME) 42,000 gal- cents per gal							
102.00	52.60	Feb	68.10	68.60	67.50	68.20	—1.17
96.50	50.70	Mar	62.40	63.05	62.00	62.35	—1.10
92.00	49.30	Apr	57.65	58.40	57.60	57.65	—.98
88.50	48.40	May	54.10	54.90	54.10	54.50	—.40
85.75	48.00	Jun	52.25	53.10	52.25	52.50	—.40
85.00	48.80	Jul	51.60	52.75	52.15	52.15	—.25
85.07	52.00	Aug	53.00	53.20	52.60	52.60	—.30
84.28	54.00	Sep	54.20	54.20	53.40	53.50	—.40
85.00	55.00	Oct	55.00	55.10	54.60	54.80	—.10
78.00	54.30	Nov	55.90	55.90	55.80	55.80	—.10
82.62	54.00	Dec	56.50	57.25	56.50	56.50	—.40
68.50	57.20	Jan	57.00	57.00	56.75	56.75	—.25
57.60	57.50	Feb	56.00	56.00	56.00	56.00	
Est. Sales		Prev. Sales 19,150					
Prev. Day Open Int. 77,868 up 11,920							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
35.40	18.40	Mar	21.10	21.30	20.85	21.07	—.28
33.90	18.03	Apr	20.10	20.40	19.90	20.22	—.23
32.70	18.03	May	19.25	19.70	19.25	19.60	—.08
31.50	16.65	Jun	18.90	19.20	18.75	19.10	—.06
30.40	17.08	Jul	18.30	19.00	18.70	18.85	—.05
29.50	18.79	Aug	18.45	18.80	18.50	18.80	+.10
28.72	18.50	Sep	18.50	18.50	18.50	18.48	+.10
28.40	18.65	Oct	18.40	18.61	18.40	18.60	+.10
28.10	18.67	Nov	18.60	18.60	18.50	18.60	+.15
27.70	18.60	Dec	18.50	18.60	18.47	18.55	+.12
27.60	18.70	Jan	18.50	18.50	18.35	18.50	+.08
27.00	18.55	Feb	18.50	18.50	18.40	18.45	+.03
26.75	18.60	Mar	18.50	18.50	18.40	18.50	+.08
24.60	18.07	May	18.45	18.45	18.45	18.45	+.03
24.00	18.85	Dec	18.30	18.30	18.30	18.30	—.16
Est. Sales		Prev. Sales 46,454					
Prev. Day Open Int. 258,145 up 6,985							
UNLEADED GASOLINE (NYME) 42,000 gal- cents per gal							
95.00	49.85	Feb	62.00	62.80	61.70	62.00	—.67
95.00	50.65	Mar	61.50	62.40	61.00	61.60	—.71
98.25	54.90	Apr	64.25	64.75	64.10	64.40	—.95
97.00	55.05	May	62.40	63.10	62.40	62.55	—1.20
95.50	54.90	Jun	61.00	61.10	60.45	60.90	—.95
82.70	58.50	Jul	58.60	59.50	58.60	59.50	—.35
90.90	53.50	Aug	57.70	57.70	56.90	57.60	—.35
87.00	55.10	Sep	54.00	55.25	55.25	55.25	—.60
Est. Sales		Prev. Sales 9,188					
Prev. Day Open Int. 55,719 up 276							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
382.20	298.00	Mar	337.70	338.70	336.45	336.75	—1.15
383.35	300.98	Jun	340.45	341.30	339.50	339.55	—1.20
343.85	304.00	Sep	342.50	342.50	342.30	342.30	—1.05
337.25	321.75	Dec				345.00	—.85
Est. Sales		Prev. Sales 43,979					
Prev. Day Open Int. 152,764 up 52							
NYSE COMP. INDEX (NYFE) points and cents							
207.80	163.85	Mar	184.20	184.75	183.55	183.75	—.60
192.25	165.85	Jun	185.50	186.00	185.10	185.15	—.60
187.00	173.10	Sep	186.85	187.15	186.85	186.50	—.60
185.35	175.50	Dec				187.85	—.60
Est. Sales		Prev. Sales 5,138					
Prev. Day Open Int.							

Commodity Indexes

	Close	Previous
Moody's	1,023.90 f	1,019.00 f
Reuters	1,660.40	1,663.20
D.J. Futures	125.03	125.15
Com. Research	214.78	214.89

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

For investment information read THE MONEY REPORT every Saturday in the IHT

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Germany Reassures on Deficit

Compiled by Our Staff From Dispatches

BRUSSELS — Germany told its partners in the European Community on Monday that they need not fear being dragged into recession by a large German budget deficit and consequent high interest rates.

"We are aware of our importance as an anchor of stability," the German finance minister, Theo Waigel, said after a meeting of Community finance ministers in Brussels.

He also noted that Germany's partners in the Community had avoided criticism of the German budget deficit.

Mr. Waigel gave his report after the finance ministers met for their twice-yearly review of members' economies. Spokesmen for other delegations declined to comment on the discussions, citing their confidentiality.

However, the EC commissioner for economic affairs, Henning Christophersen, was reported to have said during the meeting that there should not be an "overloading" of German monetary policy, a reference to the Bundesbank's policy of keeping interest rates high to dampen inflationary pressure.

Mr. Waigel said that the deficit, which is expected to be about 5 percent of gross domestic product this year, was the result of the "exceptional situation" of German reunification and did not reflect a structural problem with the German economy.

He also pointed to figures released over weekend showing that the deficit for 1990 was likely to be lower than previously expected. Bonn now estimates the gap at 50 billion Deutsche marks ($33.7 billion), down from an original estimate of 67 billion DM.

The 11 former West German states had a 12.7 billion DM deficit in the first three quarters of 1990 and will probably have a narrower full-year deficit than the 23.5 billion DM previously forecast, the German Finance Ministry said.

The goal of German policy, Mr. Waigel said, was to bring the deficit down to 3 percent of GDP by 1994.

■ A New Loan for Greece

The European Community has decided to lend Greece 2.2 billion ECU (about $3 billion) to help it carry out an austerity plan, news agencies reported from Brussels on Monday, quoting the Belgian finance minister, Philippe Maystadt.

Of that total, 1 billion ECU would be made available immediately, with the rest to be provided in two installments after 1991 provided Greece follows an economic program agreed upon with the Community, he said.

In 1985, Greece obtained a loan of 1.75 billion ECU from the Community. However, conditions for the loan regarding the reduction of inflation and the budget deficit in Greece were not met.

Greece's budget deficit and inflation are the highest in the Community at 18.4 per cent of gross domestic product and 22.8 per cent respectively. *(Reuters, AFP)*

Franc Cut Nestlé's '90 Sales

Compiled by Our Staff From Dispatches

VEVEY, Switzerland — Nestlé SA, the world's largest food group, said Monday that consolidated sales dropped 3.5 percent, to 46.3 billion Swiss francs ($36.8 billion), last year and that net profit was likely to decline "slightly more."

Nestlé earned 2.41 billion francs on sales of 48.04 billion in 1989. Profit in the first half of 1990 was off 4.7 percent.

The company said the strength of the Swiss franc against other currencies was a chief factor in the sales decline. In volume terms, sales actually rose by "slightly below 3.5 percent," it said.

The economic retrenchment in Brazil and the UN embargo on Iraq and Kuwait hurt volume growth, Nestlé said, but growth was strong in Mexico, Germany and Asia.

Barring a dramatic deterioration in the political and economic situation, the group will manage "to increase its consolidated sales during the current year," Nestlé said.

The figures represented an improvement since November, when Nestlé said sales in the first 10 months of 1990 were off nearly 6 percent.

The company also said it cut its net indebtedness by about 1 billion francs from 5.2 billion a year earlier. *(AP, Reuters)*

NAT-NED: *Terms Boost Shares*

(Continued from first finance page)

including the Robeco investment fund. These investors are thought to hold 15 to 20 percent of the insurance company's stock and first objected to the deal.

A Robeco spokesman said the group will not comment until it had fully studied the prospectus. Pension fund ABP said the issue was too sensitive to discuss at this stage. "We have a month to make up our minds," he stressed.

But analysts said Robeco is understood to have asked for a higher figure: a 10-guilder warrant was suggested in talks with Nat-Ned.

Both Mr. Hakker and Robert de Haze Winkelman, a spokesman for dissenting shareholders' lobby VEB in The Hague, said the outcome now could hinge more on political factors than numbers.

The creation of a Dutch financial services giant is a factor that could argue in favor of the merger here, Mr. de Haze Winkelman said. The deal is the biggest of a continuing series of mergers and takeovers between banks and insurers, sparked by a change in the law last year.

On the other hand, he said, concern about the possible effects on the 3,000 independent Dutch insurance brokers, who have stopped selling Nat-Ned policies to protest the potential competition from sales through NMB's branch network, could weigh against the deal.

Aegon, which claims a stake of more than 5 percent in Nat-Ned, found the new terms "far from enough."

But analysts noted that Aegon stands to lose domestic market share if the merger goes ahead: It would be the only major Dutch insurance company not to have forged a major alliance enabling it to cross-sell banking and insurance products via over-the-counter outlets.

Mr. de Haze Winkelman said there was a big buyer of Nat-Ned stock in the market both before last week's suspension and again Monday when trading resumed. "The most obvious assumption is that they want to block the deal, though there is also talk of some kind of partial bid for Nat-Ned," he said.

Aegon is the most obvious suspect in a spoiling operation, though Mr. Brink would not comment on this suggestion.

"Whoever is buying Nat-Ned's shares now is paying a high price for them," Mr. Hakker pointed out. "If it is Aegon, they are playing poker with high stakes."

Neither is Mr. Hakker convinced this is a game a spoiler could win: The partners Monday signalled a determination to override any opposition to the deal, saying it may go through with approval from as few as 50 percent of shareholders in both companies.

Whether the new terms are a good thing for Internationale Nederlanden "will depend a lot on whether shareholders take stock or cash," said Jonathan Lawlor of Kleinwort Benson in London.

G-24 to Discuss Big Aid Deals For 2 in East

Reuters

BRUSSELS — Aid to support reform programs in Czechoslovakia and Hungary will top the agenda of a meeting on Wednesday of senior officials from 24 leading industrialized countries, diplomats said Monday.

The Group of 24 was set up to support reform in eastern and central Europe. It is helping Poland, Hungary, Czechoslovakia, Bulgaria and Yugoslavia.

Czechoslovakia is seeking $1 billion to help with its transition to a market-oriented economy. The 12 members of the European Community are volunteering half of that. The diplomats said that pledges from the other 12 members of the G-24 suggest the target has now been met.

Hungary is seeking $500 million, of which the Community is finding half and asking its partners to put up the rest.

TRADE: *Battle Shapes Up in U.S.*

(Continued from first finance page)

institutions based in countries that bar American companies from comparable competitive opportunities.

The sponsors acknowledge that the bill is aimed mainly at Japan, which despite some progress over the years still maintains an elaborate web of laws and practices. U.S. Treasury officials say this keeps foreign banks and securities firms from competing on equal terms with the Japanese.

The administration opposes the Riegle-Garn bill on the ground that narrow reciprocity as a principle of trade policy would lead to escalating retaliation. But it has not yet decided on whether to veto the bill.

"We've seen this coming and warned the Japanese that if we don't see more progress, Congress could become so enraged that it will legislate," said a senior Treasury official who asked not to be identified.

One U.S. complaint is that interest-rate controls keep money rates unusually low in Japan, providing a considerable advantage for Japanese banks as they expand in the United States. Japanese banks now have a 25 percent share of the lucrative California market, for example.

Officials at Japan's Finance Ministry insist that foreign and Japanese companies are treated equally and that the American campaign is merely an effort to seek excuses for American businesses that are not doing well in Japan.

Super 301 was allowed to expire last year amid the general truce engendered by global trade talks. But those talks collapsed last month.

Should the trade discussions be revived, which is appearing more likely, many lawmakers are now saying that Super 301, or something like it, will be enacted as the price Congress exacts for approving any global agreement.

Congress historically demands — and gets — trade policy changes, usually in the form of some improved protection for domestic industry and workers, in return for supporting international agreements that open the United States to more imports.

Court Agrees on Rescue Of Ireland's Goodman

Reuters

DUBLIN — The Dublin High Court gave the go-ahead Monday for a bank-approved rescue package for the deeply indebted Goodman International Ltd., Europe's largest beef processor.

Thirty-three banks, owed 500 million punts ($890 million) by the Irish-based company, agreed by a majority of 4-1 last month to back a rescue plan put forward by the court-appointed examiner, Peter Fitzpatrick.

Mr. Fitzpatrick was called in after the head of Goodman, the tough-talking and secretive entrepreneur Larry Goodman, became one of the first business casualties of the Gulf crisis last August.

Justice Liam Hamilton ruled in the High Court that the debt-restructuring package is commercially viable. "He has approved the workout proposal for Goodman International," a spokesman for the examiner said after the ruling. "It comes into effect on Feb. 18."

If Justice Hamilton had turned down the package, Goodman International would have been liquidated.

The collapse of the Goodman group, which employs about 2,500 people and exports to 40 countries, would have been a major blow to Ireland's farming-oriented economy. Group companies account for about 5 percent of Ireland's gross national product.

Industry Minister Desmond O'Malley, who consistently refused bank demands for state aid to bail out Goodman, must also approve the deal under monopolies legislation.

Under the agreed plan, Goodman is to retain 40 percent of the equity, 10 percent goes to the banks and the other 50 percent is put in trust. Goodman can recoup the 50 percent if it meets repayment targets.

Goodman's trade was hit by the Gulf crisis — Iraq owes the privately owned company 167.7 million punts — while Mr. Goodman's British stock market investments also proved disastrous.

The 33 banks from Ireland, Britain, Germany, France, the Netherlands, Switzerland, Japan and the United States voted on Dec. 11 to back the seven-year rescue package.

EC Jobless Rate Steady at 8.3%

Agence France-Presse

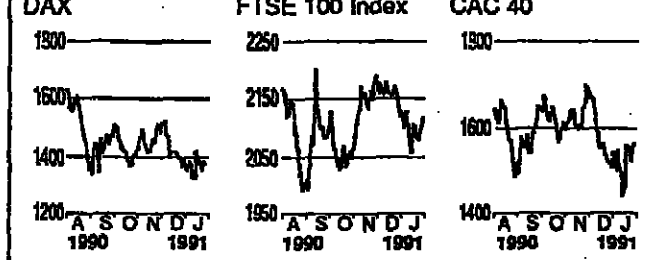
BRUSSELS — The unemployment rate in the European Community is estimated to have been 8.3 percent of the workforce during November 1990, the Eurostat statistical office said Monday.

The jobless rate remained stable during the second half of the year, the agency said.

The estimate took account of seasonal variations and national differences in the way unemployment figures are calculated.

Unemployment fell slightly in Portugal and what used to be West Germany, but rose in Britain and Luxembourg, the agency said.

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	CBS Trend	80.30	79.70	+0.75
Brussels	Stock Index	4826.36	4822.15	+0.09
Frankfurt	DAX	1382.68	1381.43	+0.09
Frankfurt	FAZ	590.54	591.31	-0.13
Helsinki	UNITAS	351.30	351.30	Unch.
London	Financial Times 30	1660.10	1645.00	+0.92
London	FTSE 100	2118.00	2103.00	+0.71
Madrid	General Index	227.18	225.30	+0.83
Milan	MIB	949.00	951.00	-0.21
Paris	CAC 40	1565.69	1563.00	+0.17
Stockholm	Affarsvarlden	903.20	861.12	+4.89
Vienna	Stock Index	468.09	468.53	-0.09
Zurich	SBS	525.20	521.00	+0.81

Sources: Reuters, AFP International Herald Tribune

Bundesbank Rule Shift: Can Small Banks Cope?

Reuters

FRANKFURT — The German money market will face a new challenge next month as banks in the east of the country try to come to terms with changed financing rules, some economists predicted Monday.

The changes, announced by the Bundesbank at the end of November, are the first step in ensuring that banks throughout Germany are subject to the same refunding rules.

Some economists in western Germany said that smaller banks in the east were likely to have problems in adjusting to the new rules, which take effect on Feb. 1.

"I cannot imagine that the transition will go off without a hitch," said Irgeen Rust, a monetary economist at Westdeutsche Landesbank. "Many things still have to be sorted out."

Under the rules, banks in eastern Germany will be able to take part in regular tenders for Bundesbank repurchase funds. However, one-third of their rediscount borrowing will take place at less favorable terms than previously.

Banks in the east now can obtain all of their rediscount quota — the amount of funds banks can borrow from the central bank at the 6 percent discount rate — in exchange for promissory notes.

As of Feb. 1, banks in eastern Germany will need bills of trade from commercial loans as collateral for one-third of their rediscount borrowing.

"East German banks were initially given different terms for their central bank funding because they did not have the right securities," said an economist with Commerzbank AG, Peter Pietsch.

But he added, "I cannot imagine the Bundesbank would have changed things if it thought east German banks could not cope."

However, other economists said that smaller eastern German banks would probably find it hard to acquire commercial loan bills or to find the securities they can sell in exchange for repurchase funds.

Since July 1, when the West German currency became legal tender in what was then East Germany, eastern banks have been allowed to borrow a total of 25 billion Deutsche marks ($37.1 billion) from the Bundesbank at the 6 percent rate.

Economists said that eastern banks that could not use the two new funding facilities would have to turn to the money market.

Gulf War Is Exacerbating U.K. Recession, Study Says

United Press International

LONDON — The Gulf conflict has deepened Britain's recession and unemployment will rise sharply in the next few months, according to a survey released Monday by Dun & Bradstreet.

Nearly half of Britain's employers plan to use staff cutbacks as a survival measure, the report said. Only 16 percent of the 1,000 companies surveyed forecast an increase in employees.

Pessimism was prevalent in all sectors, with record drops in net sales and net profits, and new orders at the lowest levels since Dun & Bradstreet began its quarterly business survey in 1987, it said.

The biggest decline in optimism was registered in the services industry, the report said, leading analysts to suggest the recession was spreading from manufacturing to services.

"Just like the dissipation of the initial euphoria in certain quarters over the first allied successes in the Gulf war, U.K. businesses must be realistic that they are now facing a long, drawn-out economic battle against recession," said Philip Mellor, marketing manager at Dun & Bradstreet.

NYSE

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
24⅝	14½	Tosco	.60	3.7	3	430	16⅝	16	16⅛	−⅜
35	19⅞	ToyRU s		—	23	5476	26⅜	25⅞	25⅞	−⅛
4⅝	2	Tramel	.70e	25.5	—	100	2⅜	2⅝	2¾	—
16⅛	4⅝	TWA pf	2.25	36.7	—	95	6¼	6	6⅛	−⅛
41	23¼	Transm	1.96	6.1	8	237	32⅜	32⅛	32⅛	−½
24⅝	20	TranInc	2.16	9.9	—	30	21⅝	21⅜	21⅝	+¼
29½	18⅜	TrnsitH n	.05e	.2	—	233	27⅝	27⅜	27⅜	+⅛
15⅝	12⅜	TrCda g	.72	4.7	—	343	14½	14½	14½	+⅛
4⅝	1	Trnscap	.25e	11.8	—	60	2⅛	2	2⅛	—
47	26½	Transco	1.36	4.6	19	374	29⅝	29⅜	29½	+¼
52¼	46⅜	Trnsc pf	4.75	10.1	—	21	47¼	46⅞	47¼	+¼
4	2¼	TranEx		—	—	433	3	2¾	3	+⅛
2⅛	⅛	Transcn		—	—	25	[illegible]	[illegible]	[illegible]	[illegible]
7⅞	2½	TrRty n	.28e	6.6	—	23	4⅝	4¼	4¼	+⅛
11⅜	4⅝	TrnsTec		—	—	120	7	6⅝	6⅞	+⅜
34⅝	11½	Travler	1.60	9.0	—	3923	18⅜	17⅞	17⅞	−½
14½	6⅝	Tredgr n	.24	3.3	—	18	7⅜	7⅜	7⅜	—
2	1	Tremnt n		—	—	1734	1⅝	1½	1½	−⅛
25⅝	20⅝	TriCon	.86e	3.9	—	134	22	21¾	22	+⅛
46¼	31¼	Tribune	.96	2.2	16	826	43⅝	41⅞	43	+1¼
29⅛	15½	Trinty	.80	3.9	14	249	20⅜	20¼	20½	+¼
29⅞	14⅝	Trinova	.48	3.4	13	675	20	19¼	19¾	+⅜
16⅝	4	TritEng		—	5	171	6⅝	6¼	6¼	−⅜
24	9	TritE pf	2.00	15.8	—	x72	13⅜	13⅜	13⅜	−⅝
15½	4½	TucsEP		—	—	1279	4⅝	4½	4½	−⅛
9⅝	6½	Tultex	.36	4.9	14	193	7⅜	7¼	7⅜	+⅛
14⅞	6⅝	Turk n	.07e	.8	—	344	9	8⅝	8⅞	+¼
22¾	16¼	TwinDs	.90	5.5	17	2	16⅜	16⅜	16⅜	−¼
65⅝	37⅛	TycoLb	.36	.8	14	749	43⅝	42⅝	43¼	+⅛
4	2⅛	Tyler		—	18	130	3	2⅞	3	—
		U-V								
169¾	84¼	UAL Co		—	12	2493	127	123½	123¾	−2½
25	11⅜	UDC pf	3.75	19.7	—	34	19¼	18⅞	19	—
27¼	5	UDC	2.38e	21.4	4	406	10⅝	10	10⅝	+1
23⅞	11⅝	UDC pf	3.62	20.1	—	69	18⅛	17⅝	18	+⅜
18⅞	14⅜	UGI s	1.18	7.4	15	1575	16⅛	15¾	16	—
19½	6½	UJB Fn	.40	7.3	—	1287	8½	8⅛	8¼	+⅛
5⅞	[illegible]	UNCInc		—	—	375	3⅞	3¾	3¾	−¼
57½	22⅜	UNUM	.80	1.6	18	702	48⅝	47	48½	+1¼
30¼	7	USFG	1.00	12.5	3	2397	8¼	7⅞	8	+⅛
43⅛	26⅝	USFG pf	4.10	13.8	—	49	29⅝	29½	29⅝	+⅜
4⅛	⅜	USG		—	18	928	1⅜	1½	1⅜	—
23	14⅝	USLICO	1.00	5.9	6	4	17	17	17	+½
39¼	24⅝	UST	1.32	3.4	20	3267u	39½	38⅝	38⅞	−⅛
37½	27⅛	USX	1.40	4.9	9	3514	28⅝	28½	28½	−¼
49⅝	45¾	USX pf	4.61e	9.8	—	21	47	46⅝	47	+⅛
9	1⅝	Ultrmte		—	—	72	1⅝	1⅝	1⅝	−⅛
21⅛	12¼	Unifi	.40	1.9	13	402	21⅛	20¾	21	−⅛
24½	13½	UniFst	.12	.8	11	30	15¼	14⅝	15⅛	+½
54⅝	40½	Unilevr	1.60e	3.0	13	130	53	52⅝	52⅝	−⅛
91	72⅛	UnNV	2.62e	3.0	13	2947	87½	86⅜	86⅝	−⅜
39⅞	30½	UnCamp	1.56	4.1	11	2845	38⅝	38	38½	−⅜
24⅝	14⅛	UCarb	1.00	5.7	8	2577	17⅞	17½	17⅝	—
26⅝	16¾	UnionC		—	20	99	22½	22¼	22½	—
30	24⅝	UnElec	2.16	7.3	10	632	29⅝	29⅛	29½	+⅛
85	79¼	UnEl pf	7.44	9.0	—	z100	83	83	83	+⅜
91	86	UEl pfH	8.00	9.1	—	z120	88¼	88⅛	88⅛	−⅜
78⅝	61⅜	UnPac	2.50	3.4	12	959	73⅜	72⅜	73	−⅜
11	6½	UPinlr	.48	5.9	7	x406	8½	8	8⅛	—
25½	12⅜	UnTex	.20	1.4	48	239	14¼	14	14¼	+⅛
15⅞	1½	UnledF		—	—	2	2½	2½	2½	−⅛
17⅛	1¾	Unisys		—	—	4784	2⅜	2⅛	2⅛	—
38⅞	6	Unisy pf	3.75	47.6	—	1409	7⅞	7⅝	7⅞	+⅛
5⅜	2¼	Unit		—	—	141	2½	2⅜	2½	—
21	12⅛	UAM	.46	2.7	16	260	17	16⅝	16⅞	+⅜
18⅝	6⅝	UDmin s	.20b	2.4	5	34	8¼	8¼	8¼	—
17⅞	12½	UDomR	1.24	8.3	33	271	15¼	14⅞	15	—
33⅝	26⅜	Ulllum	2.32	7.4	18	66	31⅝	31	31¼	+⅛
18⅝	7¼	UniIInd	.44	7.1	9	301	9	8¾	9	+⅛
19¾	3⅝	UnitInn		5.0	—	51	4½	4⅛	4⅝	+⅜
18½	13½	Utdllw	.30	1.8	10	22	16¼	16⅛	16¼	—
10⅝	8¼	UKing	.73e	7.9	—	128	9⅜	9¼	9¼	—
2	[illegible]	vjUtMM		—	—	18	⅛	⅛	⅛	—
1½	⅛	UPkMn		—	—	31	⅛	⅛	⅛	[illegible]
33⅝	12⅝	UsairG		—	—	4537	20⅝	19⅝	19¾	−1¼
1⅝	½	UsHom		—	—	1366	⅝	⅝	⅝	[illegible]
26¼	7	USShoe	.52	4.5	10	3858	11⅝	11⅛	11½	−¼
82½	25⅞	US Srg s	.50	.6	46	1284	81⅞	80⅛	81½	+1¼
40¼	32⅝	USWst s	2.00	5.5	12	2740	36⅝	36⅜	36½	—
62½	40⅝	UnTech	1.80	4.0	8	2744	45⅞	45¼	45½	—
46⅝	20⅞	Unitel s	1.00	4.4	14	4997	22½	22	22⅝	+⅜
130⅝	66½	UnTl pf	1.50	2.3	—	3	66	d 66	66	−½
15⅝	9⅝	UWR	.88	6.8	15	318	13¼	12½	13	+⅜
5⅝	3	Unitrde		—	47	268	3⅜	3⅜	3⅜	—
16⅝	9⅞	Univar	.30	2.9	9	9	10¼	10⅛	10½	−⅛
34¼	22	UnvlCp	1.32	5.8	15	201	26¼	25¼	26¼	+1⅛
34	22⅞	UnvFd	.76	2.3	16	362	33⅝	33	33¼	—
13⅜	10⅝	UnvHR	1.48	12.5	9	93	11⅞	11⅝	11⅞	+¼
6¼	1⅜	UMatch		—	—	47	2	1⅞	2	—
7⅞	1	UnMd s		—	—	79	1⅜	1⅝	1⅝	+⅛
9	5	UnMd pf		—	—	7	7½	7⅜	7½	—
6	1⅜	UMd pfB		—	—	18	3⅜	3¼	3¼	−⅛
34½	22⅝	Unocal	.70	2.9	17	6169	24⅜	23⅞	23⅞	−⅜
19½	10⅝	UnocEx	.40	3.4	16	x284	11⅝	11½	11⅝	+⅛
44⅞	33	Upjohn	1.16	3.1	20	3784	38⅝	37⅝	37¾	−⅝
21	2⅛	Urcarc s		—	5	365	3⅛	3⅛	3⅛	—
42½	27¾	USLIFE	1.48	4.8	7	93	31¼	30⅝	30⅞	+⅜
9⅝	7⅛	UslfeF	.92a	11.7	—	12	8	7⅞	7⅞	−⅛
21⅞	17⅜	UtilCo	1.52	7.3	11	1564	20⅞	20⅝	20⅞	+⅛
28⅝	25⅞	UtilCo pr	2.61	9.5	—	12	27½	27½	27½	—
22¼	18	UtilCo pr	1.77	8.3	—	158	21⅜	21⅛	21⅜	+⅜
32	11⅝	VF Co	1.08	4.5	10	1245	24⅝	22¼	22⅞	+⅛
5½	⅛	VMG n		—	—	98	½	½	½	—
17⅝	4½	Valhi	.20	4.4	7	210	4⅝	4½	4½	−⅛
20⅛	13½	Valero	.28	1.8	7	823	16⅝	16	16	−⅜
28⅝	26⅝	Valer pf	3.44	12.1	—	24	28½	28⅜	28⅜	+⅛
17⅞	12⅝	ValNG	2.50	15.5	6	544	16⅛	15⅞	16⅛	+¼
18⅝	7⅛	VanDrn	.60	5.6	9	15	10⅝	10⅝	10⅝	—
9⅝	8⅝	VKmpM	.72	7.4	—	137	9⅝	9⅝	9⅝	—
8	3⅝	VKMT	.84	19.8	—	34	4⅜	4¼	4¼	−⅛
12½	10⅛	VKMI n	.87	7.6	—	14	11⅜	11¼	11⅜	+⅛
9	4⅞	VKML	.48	9.6	19	320	5⅛	5	5	—
25⅞	23¼	VKmL pf	2.37	9.6	—	21	25⅛	24⅞	24⅞	−⅛
13⅜	5⅞	Varco		—	39	361	9⅝	8⅝	9¼	+⅜
37¾	20⅝	Varian	.26	.7	58	964	37½	36⅝	37	+⅜
3½	1⅛	Varity		—	1	1698	2	1⅞	2	—
23½	14⅛	Varity pf	1.30	8.5	—	50	15⅝	15¼	15⅝	—
11⅞	4	VenSt n	.14e	1.2	—	755	11⅝	11⅛	11⅜	+⅜
13⅝	12⅝	VestSe	1.28a	9.0	11	28	13⅝	13⅝	13⅝	−⅛
1¼	[illegible]	vjVestr		—	—	5	[illegible]	[illegible]	[illegible]	[illegible]
10⅝	6⅛	VinPt n		—	—	220	6⅝	d 6⅛	6⅝	−⅛
58	52	VaEP pf	5.00	8.8	—	z100	57	57	57	+1
87	81	VaEP pf	7.72	8.8	—	z4920u	88⅛	87	88⅛	+1⅜
97½	92½	VaEP pf	8.40	8.8	—	u	98	96	98	+1
88¼	81⅛	VaEP pfJ	7.72	8.8	—	z4580	88⅛	87⅜	88⅛	+1⅛
81½	75½	VaEP pf	7.20	8.9	—	z1120	80½	80⅛	80½	−½
85	78⅝	VaEP pf	7.45	8.8	—	z4060	85	85	85	—
23⅝	10	Vishay	1.03t	7.2	8	281	14⅜	13⅞	14⅜	+⅛
54⅝	16⅞	VistaCh	1.80	3.4	15	235	53	52⅝	53	+⅛
18⅜	7¾	VistaRs		—	12	20	8½	8½	8½	—
27¾	15¼	Vivra s		—	—	267	27¼	25½	26	−1¼
2⅜	1⅛	VolCC		—	—	3	1⅜	1⅜	1⅜	+⅛
23⅞	14¾	Vons		—	26	393	23¼	22⅞	23	+⅜
115	96	Vornad	2.00e	2.0	40	10	103½	102	102	−2½
46⅝	29⅝	VulcM	1.20	3.8	18	480	32⅛	31⅛	31⅞	+⅝
		W								
23⅝	18¼	WICOR	1.44	6.9	12	48	20⅞	20½	20⅞	—
10⅝	3¼	WMS		—	—	105	6½	6⅜	6⅜	−¼
25¼	20	WPL H s	1.80	7.4	10	1066	24⅝	24	24¼	−⅛
11⅞	4⅝	Waban		—	15	2787	11⅝	11⅛	11⅝	−¼
29	18⅝	Wackht	.40	2.2	17	25	27⅜	26⅝	27¼	+⅛
16⅝	6⅛	Wahlco n		—	15	111	8⅝	8	8⅝	+⅝
18⅝	5	Wainoc		—	—	637	6¼	5⅞	6⅛	+⅛
36⅝	20⅞	WalMt s	.14	.4	31	7843	32	31½	31¾	+¼
56	39⅝	Walgrn	.92	1.6	20	2343u	57½	55¼	56⅝	+1
28	19⅝	Walgr wi		—	—	79u	28½	28	28½	+⅜
28⅝	15⅝	WalCS s	.50	2.5	11	262	20½	20¼	20¼	−⅛
5¼	2⅛	WrnCpt		—	—	59	3¼	3⅛	3¼	+¼
73⅝	49⅝	WarnL s	1.52	2.2	29	2489	71	69⅞	69⅞	−⅝
30⅝	26½	WashGs	2.04	7.3	11	59	28	27¾	28	−⅛
25⅝	9⅝	WshNat	1.08	9.3	48	126	11⅞	11⅝	11⅝	—
278	167	WshPst	4.20	2.0	15	91	207½	206	206½	−2
30½	26⅞	WshWt	2.48	8.5	10	180	29⅜	29¼	29¼	−⅛
45½	28⅝	Waste	.36	.9	29	7065	39	38½	38⅝	+¼
18¼	10⅝	WatkJn	.48	3.1	12	536	15⅜	15	15½	+½
8⅝	3	Waxmn	.12	3.3	6	27	3⅝	3⅝	3⅝	−⅛
4⅝	1¼	WeanU		—	2	1	2	2	2	+¼
11⅝	4½	WebbD	.15a	2.5	5	302	6¼	5⅞	6	+¼
2½	¼	Wedgtn		—	—	23	½	½	½	—
31	22½	WeinRl	1.88	6.8	29	145	27⅝	26⅞	27½	+⅝
11¼	6⅝	Weirt	.44	9.8	7	47	6⅝	6½	6½	−¼
34⅝	24¼	WeisMk	.64	2.2	16	71	30	29½	29⅝	−¼
34	12⅝	Wellmn	.12	.5	12	1636	22	21¼	22	+½
96	41¼	WellsF	4.00	7.0	4	2229	59⅜	57¼	57¼	−⅝
34⅝	28	WelF pf	3.12e	9.7	—	5	32½	32¼	32¼	−⅛
35¼	29⅝	WelF pf	3.45e	10.7	—	2	32¼	32¼	32¼	—
7½	3⅝	Wendys	.24	3.6	18	4970	6⅝	6⅝	6⅝	+⅛
20	10½	West	.40	3.2	13	203	12⅝	12½	12½	—
52	49½	WPen pf	4.50	8.8	—	z220	51	50½	51	+½
46⅝	19¼	WPIPe		—	9	8	22⅛	21⅞	21⅞	−½
19⅝	16⅝	WstctE n	.88	—	17	50	17½	17½	17½	+⅛
21¼	12⅝	WCNA		—	72	93	13⅝	13⅜	13⅜	−⅛
16⅞	11	WtGs pf	1.80	15.5	—	11	11⅝	11⅝	11⅝	+¼
14¼	8⅝	WstGR n		—	—	54	9¼	9¼	9¼	—
19⅝	11½	WstMa	.92e	7.3	8	4	12⅝	12⅝	12⅝	+⅛
1½	¼	WUnion		—	—	503	11/32	11/32	11/32	−1/32
19¼	6	WUn pfA		—	—	2	7	7	7	+¼
39⅝	22	WstgE s	1.40	5.2	8	5952	27	26¼	26⅞	+⅜
23¼	11½	Wstoc	2.80e	13.9	—	17	14⅜	14⅛	14⅜	+⅛
26¼	17	Wstoc pf	2.95e	13.1	—	18	22⅝	22¼	22½	−½
28⅞	22	Westvco	1.05	3.8	10	955	28	27½	27⅝	−⅛
28¼	17⅜	Weyerh	1.20	5.2	10	x3082	23	22¾	22⅞	−⅛
43½	30½	WhlTch		—	37	257	42½	42	42⅛	−⅛
8½	7⅛	WhlPlt wi		—	—	122	8¼	8	8¼	+⅛
3⅝	2½	WhlPlt wt		—	—	24	3½	3½	3½	−⅛
37⅝	17½	Whrlpl	1.10	4.9	9	841	22⅝	21⅞	22½	+⅛
18⅝	8⅝	Whitehl		—	260	4	13	13	13	—
28⅝	17	Whitmn	1.06	5.4	14	1056	20⅜	19¾	19⅝	−1
13	7½	Whitk n		—	18	49	11⅞	11⅝	11⅞	+⅛
13⅝	5⅝	WilcxG	.10	1.4	7	48	7	7	7	—
35⅝	22⅝	William	1.40	5.3	26	280	27¼	26¼	26¼	−⅝
55½	40⅝	Wllm pf	3.87	8.8	—	5	44	43⅝	43⅝	−¾
26⅝	17⅛	WilCor n	.43e	1.7	—	636	25½	24⅞	25⅛	+⅜
7	4	WilshrO	.11t	2.3	79	39	4⅝	4⅝	4⅝	—
8⅝	2⅛	Windmr		—	—	284	2½	2¼	2¼	−⅛
38⅝	28⅝	WinDx s	1.08	3.0	18	1068	36⅛	35⅝	36	+¼
5⅝	2⅝	Winnbg		—	—	231	3⅜	3⅛	3⅜	—
32½	26⅝	WiscEn	1.76	5.6	11	670	31½	31¼	31½	+¼
24⅝	19⅝	WiscPS	1.66	7.3	11	158	23	22¾	22⅞	−⅛
36¾	21⅜	Witco	1.72	5.2	24	132	33⅛	32⅝	33	+⅜
12⅝	4⅛	WolvrW	.16	1.8	—	16	8⅝	8⅝	8⅝	+⅛
36⅝	22⅝	Wolwth s	1.04	3.5	11	x2445	30⅜	29⅝	29⅞	−⅛
12⅝	2⅝	WrldCp		—	—	38	4⅝	4¼	4⅝	+⅛
18¼	11½	WrldVl	1.94e	15.7	—	32	12⅝	12	12⅝	+⅜
59¼	43⅝	Wrigley	1.00b	1.9	19	66	54⅝	53⅞	54	+½
15⅝	8⅝	WyleLb	.28	2.2	10	78	12⅝	12⅝	12⅝	+⅜
24	13⅝	Wynns	.60	3.8	10	71	16⅝	16	16	−⅝
		X-Y-Z								
56⅝	29	Xerox	3.00	6.7	8	3811	45⅛	44	44½	+¼
47⅝	41¼	Xerox pf		—	—	4	45½	45½	45½	+1½
22⅝	13	XTRA	.72	3.8	—	102	19⅛	19	19	+⅛
3⅝	[illegible]	Zapata		—	—	926	1	15/16	1	+1/16
7⅝	3	Zemex		—	—	2	4¼	4¼	4¼	—
11⅝	4	ZenithE		—	—	1185	7½	7	7¼	+⅜
18⅝	9⅝	ZenNtl	1.00	8.2	8	31	12¼	12⅛	12¼	−⅛
7⅝	4⅝	Zenix	.84	18.7	—	123	4⅝	4½	4½	+⅛
15½	9⅝	Zero	.40	3.4	13	12	11⅝	11⅝	11⅝	−⅛
51⅞	29½	Zurnln	.88	2.7	13	327	33	32⅝	33	+⅜
12	10⅝	Zweig	1.07e	9.2	—	892	11⅝	11½	11⅝	+⅛
10	7⅝	ZweigTl	.96	10.4	—	1742	9¼	9⅛	9¼	—

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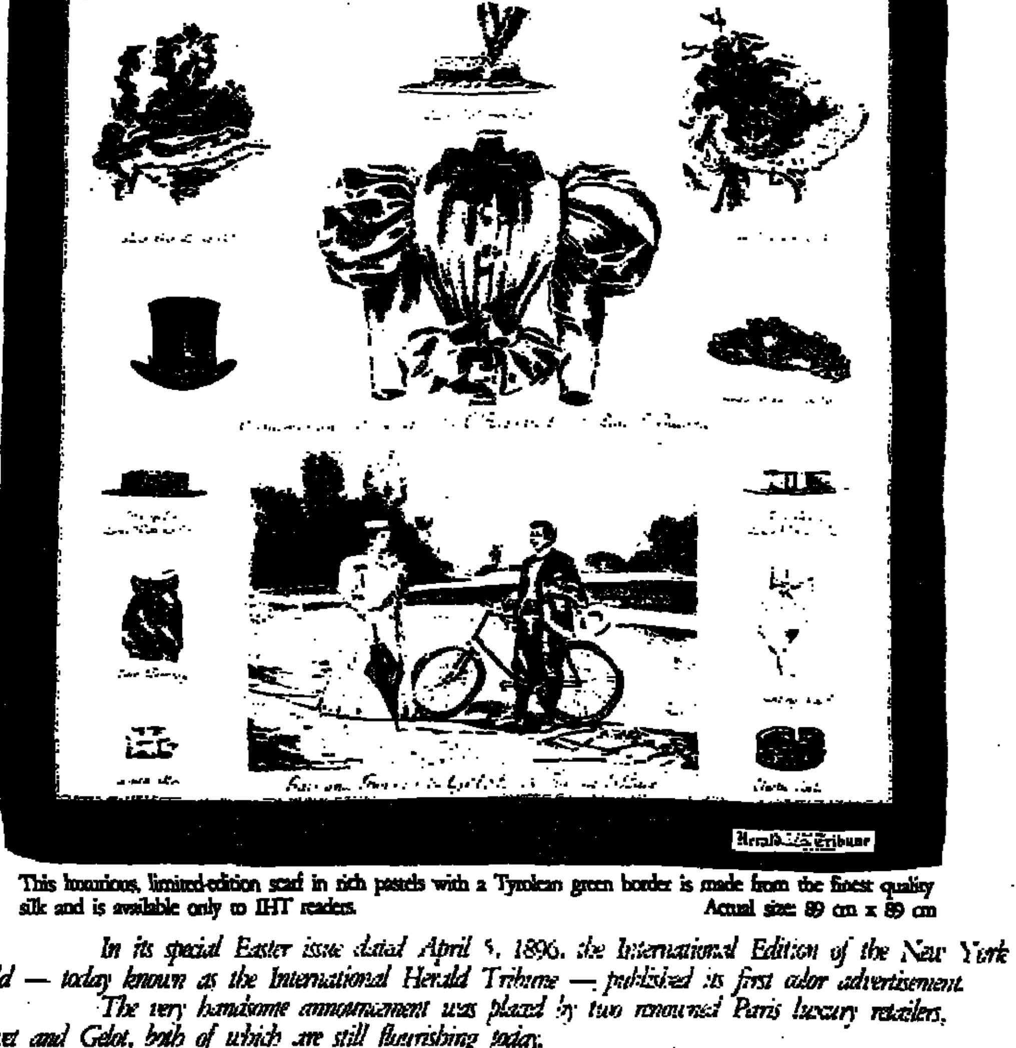

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(Continued From Back Page)

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China Sets 6% Growth Target

Compiled by Our Staff From Dispatches

BEIJING — The government unveiled on Monday its economic targets through the year 2000, including plans for growth of about 6 percent annually in the gross national product.

Last year, according to government data, China's GNP grew at a rate of 4.4 percent.

Details of the 10-year economic plan, as well as the five-year plan for 1991-1995, were provided the official Xinhua news agency.

The excerpts from government documents published on Monday provided the first details of decisions made last year by the Central Committee of the Chinese Communist Party.

Among the party's promises was one that "people's living standards will improve from just having enough to eat and wear to a state of leading a fairly comfortable life."

It also pledged to establish a "new economic structure" centered on the planned public sector and reaffirmed its intention to dominate political life into the 21st century.

The Central Committee also vowed to continue China's open-door trade policy.

Some Western diplomats and analysts pointed to what they said were contradictions in the economic plans, and said that these would would make it difficult for the targets to be met.

For example, a Western specialist on the Chinese economy noted a promise in the documents that price reform would be pursued "in an active and prudent way," with the government retaining control of the prices of key commodities while letting the market set the price of many consumer goods.

"That choice of words is a clear signal they are not of one mind," said the specialist, speaking of the Chinese leadership.

"They say they want a market-based system within a socialist-planned commodity economy," said the specialist, who asked not to be identified. "That is contradictory and impossible."

The Central Committee reaffirmed the party's leading role, saying that Chinese Communists will "uphold leadership of the party" and "persist in the people's democratic dictatorship led by the working class and based on the worker-peasant alliance."

It also called for strengthening local and national people's congresses, elected bodies that function under the direct leadership of the party.

A Western diplomat said, "This is nothing more than a way of saying they will tinker with the system to try to make it more efficient, but it does not alter the power of the party one iota."

The economic plans placed special emphasis on developing agriculture, production and distribution of energy, transportation and telecommunications.

Targets for annual grain production were set at 450 million tons by 1995 and 500 million tons by the year 2000.

A new marketing system and price policies to promote grain production also were promised. Grain production in 1990 has been estimated at more than 420 million tons.

Other targets for increasing annual output included: Coal, to 1.4 billion tons in 2000 from 1.09 billion in 1990; electricity, to 1.1 trillion kilowatt hours in 2000 from 615 billion last year; crude oil, 145 million tons in 1995 from 138 million tons in 1990; steel, more than 80 million tons by 2000 from 65.8 million in 1990; chemical fertilizers, 120 million tons in 2000 from 90 million in 1990; and sugar, 6.7 million tons in 1995 from 5.2 million in in 1990.

The party also set the goal of eliminating illiteracy among young and middle-aged people by the year 2000. There are currently 180 million people in China who cannot read.

The press, publishers, radio, television and literary and artistic fields should "serve the people and socialism," it said.

(Reuters, AFP)

Asian Bourses Modernize

Reuters

SINGAPORE — Officials of the stock exchanges of Hong Kong, Singapore and Malaysia told a regional conference Monday that they will press on with plans to modernize their exchanges and introduce new trading instruments despite the Gulf war.

"The eclectic consensus of the local brokerage community appears to be one of guarded optimism over the short term, with a slightly more favorable medium- to longer-term outlook," Francis Yuen, chief executive of the Stock Exchange of Hong Kong, told a two-day conference of stock exchange officials from the Asia-Pacific region.

Mr. Yuen said that three new issues listed on the Hong Kong exchange in the past three weeks had been well-received. "There seems to be a lot of money on the market," he said.

Mr. Yuen said the exchange was considering setting up a second board.

Later, he said in an interview that the board would "specialize in companies from south China, to add a special flavor to the planned second board," but would allow Hong Kong companies to list as well.

Details are still being worked out, he said.

"We are expanding our scope to cover the whole Asia-Pacific region, in particular south China, and the exchange anticipates playing an important role in providing capital for infrastructural developments and the manufacturing industry in that area," Mr. Yuen told the conference.

Lim Choo Peng, president of the Stock Exchange of Singapore, said that plans to set up an options market this year had been postponed until next year pending the extension of scripless trading to all stocks. That trading was begun last June for newly listed companies.

There is a strong possibility that options trading will be extended to foreign securities, he said.

The general manager of the Kuala Lumpur Stock Exchange, Mohd Salleh Majid, said that Malaysia expects to enact a new Security Industry Deposit Act to set up a Central Depository System.

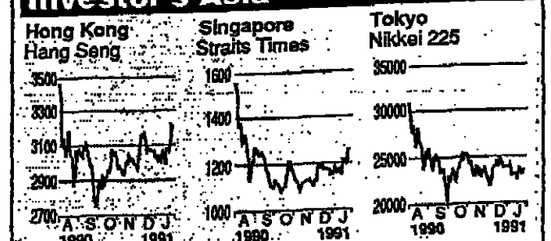
The system, which would allow investors to hold and transfer listed securities without physical certificates or transfer forms, would be implemented in phases, starting sometime between July and October of this year, Mr. Salleh said.

Under the plan, all scrip would be put under the custody of the Central Depository System, Mr. Salleh said.

As a result, he said, forged, stolen or lost certificates could be a thing of the past.

Mr. Yuen said that the Hong Kong exchange hopes to introduce a central clearing system "in the fourth quarter of 1991." Such a system is important because it would reduce the cost to the market of processing trades, he said.

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	3198.29	3206.36	-0.25
Singapore	Straits Times	1260.84	1238.75	+1.78
Sydney	All Ordinaries	Closed	1295.60	-
Tokyo	Nikkei 225	23569.44	23573.25	-0.02
Kuala Lumpur	Composite	485.24	483.44	+0.37
Bangkok	Book Club	563.30	556.82	+1.16
Seoul	Composite Stock	633.93	632.95	+0.15
Taipei	Weighted Price	4148.15	4113.83	+0.83
Manila	Composite	706.71	691.55	+2.19
Jakarta	Stock Index	384.83	384.21	+0.16
New Zealand	Barclays	1202.19	1205.04	-0.24
Bombay	National Index	Closed	491.77	-

Sources: Reuters, AFP

International Herald Tribune

Foreign Investors Increase Corporate Ranks in China

Agence France-Presse

BEIJING — The number of foreign-funded companies in China increased by more than one-third in 1990, to total more than 25,000, the official China Daily reported Monday.

A total of 7,092 companies with investment from abroad registered in China last year, bringing the total to 25,450, the State Administration for Industry and Commerce was quoted by the official newspaper as saying. The 34.2 percent increase was the biggest ever, it added.

The newspaper did not say how much the new investment was worth, but acknowledged a sharp decline in foreign investment in the services sector. The number of companies "focusing on service industries such as hotels decreased sharply last year," it said.

Most of the new companies are involved in energy, transportation, telecommunications, high technology and raw materials.

Taiwan Clears Investment In Mainland for First Time

The Associated Press

TAIPEI — Taiwan permitted a major textile company to set up a factory in Shanghai in the first case of government-approved investment in China, officials said Monday.

The government's Investment Commission said Chung Shing Textile would invest $900,000 through its Hong Kong subsidiary to establish the underwear plant in the major east China city.

Under government rules published in July, Taiwan companies planning to invest indirectly in China are required to obtain official approval beforehand.

Taiwan industrialists reportedly have invested about $1.6 billion in China in recent years, mostly in the footwear, textile, electronics, petrochemical and machinery industries.

The Nationalist government eased restrictions in 1987 to allow private exchanges with China.

Taiwan's indirect two-way trade with China totaled about $3.65 billion for the first 11 months of 1990, up 14 percent from the same period in 1989, officials said.

New Woe for Australian Banks: Small Business

Reuters

SYDNEY — The spectacular series of corporate failures that humbled high-flying customers of Australia's big banks last year may be over, but bad debts still dog the banking industry.

This financial year the damage will come from smaller firms and consumers unable to cope with an economy gripped by recession, banking analysts said.

"Debt provisions aren't over," said Brian Johnson, banking analyst at Macquarie Equities. "They are spilling into the retail sector."

All of the big-three listed banks — Westpac Banking Corp., Australia & New Zealand Banking Group Ltd. and National Australia Bank Ltd. — were forced to make deep provisions for bad and doubtful debts in the 1989/90 financial year ended Sept. 30.

They were dragged down by the likes of the failed tycoons Alan Bond, Abe Goldberg, George Herscu and Christopher Skase — not to mention problems at media giants News Corp Ltd. and John Fairfax Ltd.

There are no fears that big banks are in financial trouble. Indeed, most analysts expect profits to rebound modestly from last year's depressed levels.

Nevertheless, provisions are expected to remain high this year, and a major change in the banks' fortunes appears a long way off.

Retail sales have been weak, rising only 0.5 percent in November after falling in October.

The unemployment rate stood at 8.1 percent in December and economists expect that to rise.

National Australia Bank's chairman, Sir Rupert Clarke, told the bank's annual meeting on Thursday the recession had made business conditions tougher than they had been in the last 50 or 60 years.

"It is tempting to suggest we are over the worst of our bad debt problems, but that is perhaps being unduly optimistic given the unfavorable short-term economic outlook in Australia and the problems still emerging," he said.

More bad news came from Westpac's chairman, Sir Eric Neal, who told shareholders on Friday that bank profits would be weak this year and that a lower first-half dividend was likely.

ANZ had its share of disappointment this month as it saw Moody's Investors Service Inc. trim the rating on its long-term debt to A-1.

Some analysts said a lot of consumers would have to default on home loans and credit-card debt to equal the big corporate problems of last year. Such widespread problems seem unlikely, they added.

But in the so-called middle market, medium-sized concerns are a danger zone for the industry. ANZ last year disclosed that it has made provisions against more than 26,000 loans — mostly to small- and medium-sized businesses.

Weakness in that sector was borne out by data showing bankruptcies and voluntary arrangements with creditors surged 56.8 percent in the December quarter from a year ago, to 3,117.

"The problem has moved downward to the middle market," said Scott Hawker, analyst at Salomon Brothers Inc. "It's a pretty big black cloud."

The banks will probably have slightly higher profits than last year but nowhere near the strong levels of 1988/89.

National Australia's net profit fell 3 percent, to 767.0 million dollars ($598 million), in 1989/90 after it doubled bad debt provisions to 650.9 million dollars. Westpac's net profit dropped nearly 15 percent, to 683.9 million dollars, after provisions of 1.2 billion. ANZ's profits slid 37 percent, to 221.5 million dollars, after it boosted provisions by 158 percent to 793 million.

ADB Increases Aid to Urban Poor

Agence France-Presse

MANILA — The Asian Development Bank will increase its assistance to the region's urban poor in the 1990s, with emphasis on community organizations, a senior official said Monday.

The director of the bank's infrastructure department, S.V.S. Juneja, said at the end of a seminar on urban poverty that the Manila-based bank would coordinate efforts in urban development, housing, water supply, sanitation, health and education.

A World Bank study has shown that the number of urban poor families in the Asia-Pacific region would reach 38 million households, or 52 percent of the world's total, by the year 2000. In 1975, there were 13 million poor urban households in the region, or 38 percent of the world total.

"In the 1990s we would expect to provide increasing assistance to the urban poor," Mr. Juneja said. "We will also endeavor to strengthen institutions that work closely with the poor."

The seminar chairman, Utis Kaochien, also stressed the need for governments to work in partnership with community organizations to address urban poverty.

"The urban poor are a dynamic group and a resource for industrial development," he said. "Experience has shown that countries that have adopted this view have done well in their economic development."

The ADB, a traditional provider of low-cost loans for major infrastructure projects like dams, power plants and roads, decided in 1988 to directly attack poverty in its developing members with specific projects benefiting the poor.

Separately, the bank announced that it had launched a bond issue of 150 million Swiss francs ($119 million) in Switzerland.

The issue, underwritten by a syndicate led by Crédit Suisse, has a 10-year maturity callable at the end of the eighth year at 101.5 percent and the ninth year at 100.75 percent, a statement from the institution said.

Listed on the Zurich, Basel and Geneva stock exchanges, the bond bears a coupon of 7⅛ percent, payable annually, and is priced at 100.75 percent.

The issue is intended to raise funds for the ADB's regular loans and brings the bank's borrowings in Switzerland to 2.77 billion francs.

Manila Plan Aims to Meet IMF Pledge

Agence France-Presse

MANILA — The Philippine government said Monday that it would impose new taxes, raise power rates and maintain high oil prices as part of a new program submitted to the International Monetary Fund.

A presidential spokesman, Adolfo Azcuna, said such "bitter pills" have to be swallowed by Filipinos as part of the stabilization program pledged to the IMF in exchange for the approval of a $700 million credit.

"They cannot be taken one apart from another. This is a comprehensive approach," he said.

Nevertheless, Mr. Azcuna failed to give any clear time frame for the measures to be implemented.

Manila is scrambling for new revenue measures because it has to reduce its budget deficit by 25 billion pesos ($904 million) in 1991 to qualify for the credits. The IMF executive board is expected to reach its decision on the new Philippine program in the third week of February.

Mr. Azcuna said a 9 percent import levy imposed by President Corazon C. Aquino last week was just a "temporary" measure to raise revenues until new tax measures could be enacted by congress.

Local oil prices have doubled since last September, sharply driving up prices of goods and services. Inflation is now approaching 20 percent.

The Philippines' performance is subject to IMF reviews in August and in February 1992, Mr. Azcuna said.

JAPAN: *Best-Placed to Gain?*

(Continued from first finance page)

the United States to increase public investment and could accelerate this program.

Underlying the tight money is a broader policy goal that could affect Japan's financial system for years: the restructuring of the banking sector. The Finance Ministry wants to encourage smaller banks to merge with stronger institutions, forcing the long-protected institutions to be more competitive.

It was reported Friday in the Nihon Keizai Shimbun, Japan's leading economic daily, that the Finance Ministry had even created a special group within the deposit insurance system to handle mergers between small and medium-sized banks.

Ministry officials denied that such a mergers unit had been created, but the report was consistent with comments made publicly and privately by officials for months.

Many worry that this approach may succeed in improving the profitability and innovativeness of a few Japanese banks, while weakening many others and perhaps causing a rash of bank failures because of tight money and a collapse in the property market.

Any failures or collapses — which have never occurred in Japan — could strain the government's ability to engineer a controlled strengthening of the industry.

Susumu Saito, director of the Trilateral Institute, a research and advisory body, warned that few banks were prepared for another shock to either the stock market, on which they are dependent for capital, or the property market, on which so many of their loans are based.

"Many of the banks are assuming that the worst is past," he said.

But Mr. Akabane, the former government economic planner, said: "A severe economic situation would be an inviting time to restructure. The bureaucrats don't say this explicitly, but I think this is in their minds."

The overall goal is to produce a financial sector that would match in strength the vibrant health of the industrial economy, which was strengthened considerably by government policies of the last five years.

Big corporations used the booming markets of the late 1980s to remove debt from their balance sheets and go on an unprecedented capital-spending binge, sharply improving their efficiency.

"There is going to be a shakeout among the regional banks and tremendous pressure on the city banks," said Kenneth Courtis, chief economist for Deutsche Bank.

What Japan calls a slowdown, of course, would be a solid year in the United States. The economy grew 5.4 percent in 1990, with unemployment slightly higher than 2 percent and inflation near 3 percent.

Officially, the government is forecasting a 3.8 percent growth rate this year, as high interest rates begin to bite. The official discount rate for government loans to banks has been jacked up to 6 percent, from 2.5 percent just 18 months ago.

There has been a rash of real estate-induced bankruptcies as a result, not to mention the collapse of stock prices last year. In December alone, the number of business failures rose 45 percent.

PERMAL VALUE N.V.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of PERMAL VALUE N.V. will be held on Wednesday, February 20, 1991 at the Company's registered office at De Ruyterkade 62, Curacao, Netherlands Antilles, at 10:00 o'clock A.M. (local time). Copies of the annual report of the Company for the fiscal year ended September 30, 1990 are available at the registered office.

Unless we receive written or telex notification to the contrary on or before the date of the shareholders' meeting as mentioned above, shareholders who are unable to attend the meeting will be represented by Trust Company of Willemstad N.V. (the "Proxy") pursuant to its appointment as proxy holder by Yvomate Corporation N.V. in accordance with the subscription application form or share transferee form of the Company. The Proxy will vote in favor of the items included in the attached agenda.

No further action on the part of the shareholders will be necessary in order to authorize the Proxy to exercise its power of representation.

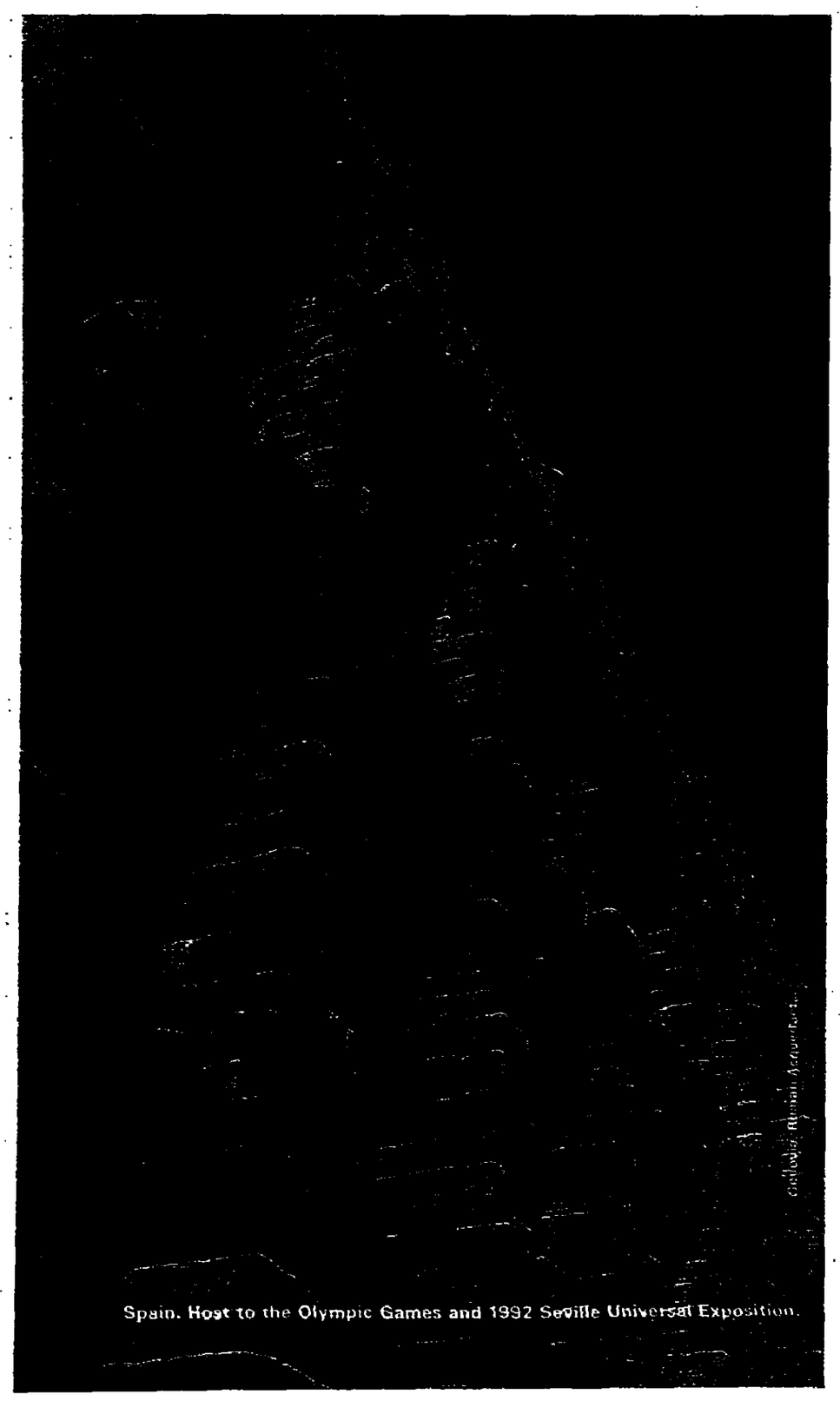
Holders of bearer shares on their proxy must produce their share certificates or a certificate of deposit stating that share certificates in respect of the numbers specified in the proxy have been deposited until the end of the meeting.

The following proposals will be put to vote at the aforementioned meeting:

AGENDA

1. To approve the report of the management on the course of business and the management of the Company during the fiscal year ended September 30, 1990.
2. To approve the annual accounts of the company for the fiscal year ended September 30, 1990.
3. To accept the resignation of Curacao International Trust Company N.V. as managing director of the Company effective as of the end of the meeting and to reelect Patrice Belvaleite, James M. Clark, Jr., Yves de Meaux, Jean R. Perrette and Jean-François Vert as managing directors of the Company for the ensuing year.
4. To elect Curacao Corporation Company N.V. as Curacao managing director of the Company for the ensuing year.
5. To reappoint Ernst & Young as independent auditors of the Company for the ensuing year.
6. To approve, confirm and ratify all acts taken by the management of the Company and the Directors of the Company since September 30, 1989 up to and including September 30, 1990.

Very truly yours,
CURACAO INTERNATIONAL TRUST COMPANY N.V.
Curacao Managing Director



Precious stones of great antiquity.

It is a marvel that the gigantic stones of this Roman acqueduct at Segovia are held in place without mortar. And, incredible though it may seem after 2,000 years, this awe-inspiring construction still supplies the city with water.
When you stroll under the arches, which are more than 700 metres long, the magnificent late-Gothic cathedral rises up before your very eyes.
Beautiful Romanesque churches and walls, with huge medieval doors, abound. And as you continue your walk through history, you will discover the Museo Provincial, the Jewish quarter with its quaint streets and the Alcázar, a fairy-tale castle.
But Segovia is only one of the treasures in store. You only have to stroll through the ancient streets of Toledo to see why the city has been declared a national monument. Equally, you will be charmed by the medieval walled city of Avila.
But then Spain is full of precious jewels.
And moments you'll always treasure.
Consult with your travel agency

ESPAÑA

Spain.
Everything under the sun.

Barcelona '92

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NASDAQ

Monday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

AMEX

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chg
		A								
9¾	7¾	AIM Str	.96	12.4	–	189	8	7¾	7¾	– ⅛
10⅛	3	AMC		–	–	16	3¾	3½	3¾	+ ⅛
1	⅜	ARC		–	–	25	⅝	⅝	⅝	+ ⅛
25⅝	1⅜	AT&E		–	–	221	3	2⅝	2¾	– ⅛
13½	2⅝	ATI		–	11	182	4⅝	4¼	4⅜	+ ⅛
58½	45¾	ATT Fd	2.48e	4.9	–	78	50⅝	50⅛	50⅝	+ ½
12⅞	5	Ablcmd		–	–	31	6½	6⅜	6½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

SPORTS

French Soccer Panel Bans Tapie for a Year, Resignation Expected

Compiled by Our Staff From Dispatches

PARIS — Bernard Tapie, president of Olympique Marseille, escaped bribery charges Monday but was banned from soccer for a year by a French disciplinary commission for threatening referees and bringing the game into disrepute.

The last four months of the ban were suspended.

Tapie made no statement in response, but an associate said that he intended to resign from the club. Jean-Louis Levreau, a Marseille vice president, said he had spoken to Tapie by telephone Monday.

"He said he was sickened by the decision, which is based on nothing," Levreau told a radio interviewer. "He does not want to make a statement, but I can tell you he has decided to resign as president and leave Olympique Marseille."

Players for the defending French champion later voted unanimously to go on strike as long as the suspension against Tapie lasts.

Tapie had been accused by Claude Bez, the former president of the Bordeaux club, of trying to bribe players at three matches last season when Bordeaux lost the championship by two points.

Bez was fined 50,000 francs ($10,000) for groundless accusations. The commission recommended that the French Football Federation suspend Bez for three years should he try to return to soccer.

Bez also faces fraud charges after being forced to step down following a criminal investigation at Bordeaux, which is $60 million in debt.

The federation set up the disciplinary commission last April to investigate the accusations and to examine the fraud-related scandals that have shaken professional soccer in France.

Tapie dismissed the commission's five independent members, two judges, two lawyers and a university law professor, as a "bunch of incompetent fools."

Monday, he was made to pay for his insults and for writing menacing letters to referees he said had treated his team unfairly.

His general manager, Jean-Pierre Bernes, who was interviewed by police because of accusations that he had tried to fix at least one match, was banned for six months.

Both men are expected to appeal.

"Mr. Tapie is guilty of causing serious harm to sporting morale," the commission said, "and for insulting referees, for offering them verbal threats and for trying to intimidate them."

Tapie's ban means he cannot meet other club presidents in an official capacity. He cannot sit on the team's bench or go into its dressing room on match days.

"This will have a negative effect on Marseille," said Levreau, "on the region and on the whole of football."

Tapie, a member of parliament for Marseille, is a business tycoon. Last year, he took over the German sports good firm Adidas.

He created a bigger sensation by persuading the coach of Germany's World Cup champion team, Franz Beckenbauer, to direct Marseille.

But Beckenbauer and Tapie had problems and Beckenbauer stepped aside as coach. He has stayed on in a tenuous role as manager, with Raymond Goethals of Belgium brought in to coach the team. Goethals had coached at Bordeaux.

Tapie has had other brushes with soccer authorities. Last year he was reprimanded by the European Football Union for making a false bribery claim against a referee.

The reprimand came after Tapie insisted that a Belgian official, Marcel van Langenhove, had been bribed to help Benfica gain the European Club Champions' Cup final. The Portuguese club beat Marseille in the semifinal. *(UPI, Reuters, AFP)*

Norman Shapiro/The Associated Press

LONG, LONG GREEN — Jack Nicklaus raised his arms in celebration after raising his bank account considerably by winning $310,000 in the Senior Skins Game in Kohala Coast, Hawaii. Sunday's amount surpassed his totals for seven of the eight years in which he led the U.S. PGA Tour in earnings. On the PGA Tour, Nolan Henke won the Phoenix Open with an 18-foot birdie putt on the final hole, for a mere $180,000.

Georgia Tech Surprises Itself, Upsets Tar Heels

The Associated Press

Georgia Tech didn't want to get embarrassed by North Carolina and the Yellow Jackets more than accomplished their goal. As a bonus, they won the game.

"No one hardly ever beats them here," Malcolm Mackey said after his three-point play with three seconds remaining gave Georgia Tech

COLLEGE BASKETBALL

an 88-86 victory over the seventh-ranked Tar Heels on Sunday in Chapel Hill, North Carolina.

"I was thinking, 'Let's don't get embarrassed like we did against Duke on national TV,'" Mackey said. "We came back and never gave up in the second half."

Mackey scored 18 of his 24 points in that half as the Yellow Jackets (12-5, 4-2 Atlantic Coast Conference) snapped a five-game losing streak in Smith Center and won their first game in Chapel Hill since the 1984-85 season.

North Carolina (14-3, 3-2) took two timeouts after Mackey's points. After the second, George Lynch threw a low pass to Rick Fox, who dribbled from the right wing along the baseline and banked in a short jumper. But referee Rick Hartzell waved off the basket, ruling it came after the final buzzer.

Fox didn't argue with the call. "We found out tonight that the play takes three seconds instead of two," he said.

No. 21 Georgetown 83, No. 17 Pittsburgh 78: In Pittsburgh, the Hoyas (12-5, 4-3 Big East) won their fourth straight over Pittsburgh (15-5, 4-3) as Dikembe Mutombo scored 21 of his 23 points in the second half.

Georgetown trailed by as many as 11 points in the second half, but rallied after Pitt's leading scorer, Brian Shorter, fouled out with 6:20 to play. Shorter had 24 points and 14 rebounds.

"We lost our running game and our momentum in the second half," said Pitt's Ahmad Shareef, who was impressed by Mutombo and Alonzo Mourning. Mutombo made 15 of 17 free throws; Mourning was 10 of 11.

"I remember when Dikembe almost broke the backboard with his foul shots, but he's confident now and he's enthusiastic," said John Thompson, Georgetown's coach.

The AP's Top 25 Teams

First-place votes in parentheses, records through Jan. 27 total points based on 25 for a first place vote through one for a 25th place vote and last week's rankings:

	Record	Pts	Pvs
1. UNLV (62)	15-0	1,598	1
2. Arkansas	20-1	1,516	2
3. Ohio St. (2)	17-0	1,490	4
4. Indiana	18-2	1,389	3
5. St. John's	15-2	1,295	10
6. Arizona	14-3	1,181	5
7. Duke	16-4	1,158	9
8. Syracuse	17-3	1,121	6
9. North Carolina	14-3	1,092	7
10. Kentucky	15-3	981	8
11. Nebraska	17-2	870	14
12. UCLA	15-4	799	11
13. Utah	19-1	772	20
14. LSU	13-4	684	16
15. Virginia	14-4	669	18
16. E. Tennessee St.	15-2	666	12
17. Southern Miss.	19-2	532	15
18. Georgetown	12-5	501	21
19. Pittsburgh	15-5	464	17
20. New Mexico St.	15-2	450	23
21. Oklahoma	14-5	365	13
22. New Orleans	17-2	341	24
23. Georgia Tech	12-5	277	-
24. Kansas	13-4	174	-
25. Seton Hall	13-4	161	-

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE	W	L	Pct	GB
Atlantic Division				
Boston	30	11	.732	—
Philadelphia	25	19	.568	7½
New York	18	22	.429	12
Washington	18	23	.439	12
New Jersey	14	27	.341	16
Miami	11	31	.262	19½
Central Division				
Chicago	29	12	.707	—
Detroit	30	13	.698	—
Milwaukee	27	17	.614	3½
Atlanta	24	17	.585	5
Indiana	17	24	.415	12
Charlotte	13	27	.325	15½
Cleveland	13	28	.317	16
WESTERN CONFERENCE				
Midwest Division				
San Antonio	29	10	.744	—
Utah	27	15	.643	3½
Houston	22	20	.524	8½
Dallas	14	26	.350	15½
Minnesota	13	26	.333	16
Denver	11	30	.268	19
Orlando	10	32	.238	20½
Pacific Division				
Portland	36	7	.837	—
L.A. Lakers	30	11	.732	5
Phoenix	27	13	.675	7½
Golden State	23	17	.575	11½
Seattle	19	20	.487	15
L.A. Clippers	15	27	.357	20½
Sacramento	11	28	.282	23

SUNDAY'S RESULT

L.A. Lakers	31	22	26	25—104
Boston	30	21	21	15— 87

Johnson 9-16 2-3 22, Perkins 7-13 3-4 16; Shaw 9-19 2-2 20, Gamble 7-11 1-2 15, McHale 6-13 3-4 15, Rebounds: Los Angeles 46 (Perkins, Green, Johnson 9), Boston 41 (McHale 8). Assists: Los Angeles 29 (Johnson 15), Boston 28 (Shaw 9).

Major College Scores

Georgetown 83, Pittsburgh 78
Hamilton 92, Utica Tech 67
Ithaca 85, Union, N.Y. 75
Medgar Evers 90, Kings Point 63
Penn St.-Behrend 53, St. John Fisher 47
Georgia Tech 88, North Carolina 86
Randolph-Macon 87, Emory & Henry 77
Arizona St. 58, Stanford 47

HOCKEY

NHL Standings

WALES CONFERENCE	W	L	T	Pts	GF	GA
Patrick Division						
N.Y. Rangers	27	17	8	62	190	159
Philadelphia	26	22	6	58	182	170
Pittsburgh	27	21	3	57	221	189
New Jersey	20	21	10	50	184	174
Washington	23	26	3	49	165	175
N.Y. Islanders	17	27	6	40	140	181
Adams Division						
Boston	29	16	8	66	191	167
Montreal	28	19	5	61	173	153
Buffalo	21	19	10	52	179	166
Hartford	22	23	5	49	147	167
Quebec	10	32	9	29	145	228
CAMPBELL CONFERENCE						
Norris Division						
Chicago	33	15	4	70	176	134
St. Louis	28	16	7	63	189	154
Detroit	22	24	5	49	172	186
Minnesota	15	29	9	39	158	182
Toronto	12	33	5	29	143	212
Smythe Division						
Los Angeles	28	17	5	61	284	161
Calgary	26	20	5	57	208	169
Edmonton	24	22	3	51	165	157
Vancouver	19	28	4	42	161	194
Winnipeg	17	28	5	42	170	192

SUNDAY'S RESULTS

N.Y. Islanders	2	2	0	5—9
Washington	1	1	2	1—5

Volek (17), LaFontaine (26), King 2 (11); Hatcher (16), Ciccarelli (13), Sabourin (2). Miller 2 (12). Shots on goal: New York (on Beaupre) 11-8-6-1—26. Washington (on Healy) 6-14-9-4—33.

Boston	1	0	2—3
Montreal	0	1	0—1

Christian (26), Bourque (11), Hodge (10); Carson (11). Shots on goal: Boston (on Roy, Racicot) 13-15-1—29. Montreal (on Moog) 7-12-7—26.

Edmonton	1	0	2—3
Winnipeg	1	0	1—2

Simpson (19), Linseman (7), Buchberger (1); Carlyle (6), Olczyk (18). Shots on goal: Edmonton (on Essensa) 14-6-7—27. Winnipeg (on Renford) 10-10-13—33.

Calgary	2	1	2—5
Buffalo	1	1	2—4

T. Hunter (1), Nieuwendyk (27), Makarov (19), MacInnis (19), Gilmour (11); Turgeon (23), Kennedy (3), Mosimy 2 (19). Shots on goal: Calgary (on Puppa) 10-9-12—31. Buffalo (on Wamsley) 12-10-10—32.

CRICKET

FOURTH TEST
England vs. Australia, Fourth Day
Monday, in Adelaide, Australia
Australia 1st innings 284
England 1st innings 229
Australia 2nd innings: 314-6 (104 overs)
England needs 472 for victory

ONE-DAY SERIES
New Zealand vs. Sri Lanka, Second Match
Monday, in Auckland, New Zealand
New Zealand: 242-5 (50 overs)
Sri Lanka: 201-10 (44.1 overs)
New Zealand won by 41 runs, and leads series, 2-0

TRANSACTIONS

BASEBALL
American League
CALIFORNIA—Agreed to terms with Max Venable, outfielder, on one-year contract.
MINNESOTA—Agreed to terms with Mike Pagliarulo, third baseman, on one-year contract.
N.Y. YANKEES—Agreed to terms with Matt Nokes, catcher, on one-year contract.
National League
SAN DIEGO—Agreed to terms with Wes Gardner, pitcher, on one-year contract.

BASKETBALL
National Basketball Association
NBA—Fined Xavier McDaniel, Phoenix forward, $1,500 for fighting in Jan. 22 game.
DENVER—Signed Kenny Battle, forward.
DETROIT—Signed John Long, guard.
L.A. CLIPPERS—Activated Ron Harper, guard, from injured list. Put Tom Garrick, guard, on injured list.
MIAMI—Activated Rony Seikaly, center, from injured list. Signed Alan Ogg, center, for rest of season.
NEW JERSEY—Activated Derrick Gervin, forward, from injured list. Put Roy Hinson, forward, on injured list.
PHOENIX—Put Kurt Rambis, forward, on injured list. Signed Joe Barry Carroll, center, and put him on suspended list.

FOOTBALL
National Football League
DETROIT—Moose Davis, offensive coordinator, resigned.
MIAMI—Monte Clark, director of pro personnel, resigned.

HOCKEY
National Hockey League
MONTREAL—Called up Luc Gauthier, defenseman, from Fredericton, American Hockey League, and Patrice Brisebois, defenseman, from Drummondville, Quebec Major Junior Hockey League.
NEW JERSEY—Assigned Al Stewart and Pat Conacher, forwards, to Utica, American Hockey League, for conditioning. Recalled Neil Brady, center, from Utica.
N.Y. RANGERS—Recalled Rick Bennett, leftwing, and Tie Domi, rightwing, from Binghamton, American Hockey League.

Ghedina Wins Downhill, Girardelli Poised to Win Combined

The Associated Press

SAALBACH-HINTERGLEMM, Austria — Kristian Ghedina was fastest in the downhill portion of the men's combined Monday at the World Alpine Skiing Championships, but two-time defending champion Marc Girardelli was well-positioned to win the title.

Ghedina's time of 1 minute, 42.52 seconds was .9 seconds faster than that of Switzerland's William Besse. Jan-Einar Thorsen of Norway was third in 1:43.55.

But none of the three is strong in the slalom that will complete the combined event Wednesday. That race will count more heavily than the downhill in determining the overall winner.

Luxembourg's Girardelli, who won the slalom title last week, and Günther Mader of Austria were in the best position to take the combined.

Girardelli finished the 2,655-meter (8,762-feet) Schneekristall course, which had a drop of 825 meters, in 1:44.78. Mader, twice a combined bronze medalist at the world championships, had a time of 1:44.56.

Although both were more than two seconds behind Ghedina, the Italian dismissed his chances of victory.

"Girardelli is two seconds behind today, but he is too strong in slalom," Ghedina said. "He's out of my reach. I can hope for a bronze medal, but I don't really think I can win gold or silver."

Defending Olympic champion Hubert Strolz of Anstria finished 26th in a disappointing 1:46.31.

The top American was A.J. Kitt in 1:44.01, which tied him for sixth place with Hansjörg Tauscher of Germany. But Kitt is poor in the slalom and has little chance for a medal.

Franz Heinzer of Switzerland who won Sunday's downhill, did not participate in the combined on Monday.

The race was halted for about 20 minutes because of a spill by Ronald Duncan, one of Britain's most experienced skiers. Austrian television reported that Duncan, who was removed from the course by helicopter, suffered a cut leg but was not seriously injured.

Duncan lost his balance near the top of the course, the steepest portion of the hill, and tumbled into a net alongside the course.

He appeared to stand on his own immediately after the fall, but then stretched out on the snow as medical workers attended to him.

The top times in the downhill:

1. Kristian Ghedina, Italy, 1 minute, 42.52 seconds; 2. William Besse, Switzerland, 1:43.42; 3. Jan-Einar Thorsen, Norway, 1:43.45; 4. Peter Runggaldier, Italy, 1:43.59; 5. Nildas Hennixe, Sweden, 1:43.82; 6. (tie) A.J. Kitt, U.S., and Hansjorg Tauscher, Germany, 1:44.01; 8. Erwin Resch, Austria, 1:44.08; 9. Stefan Eberharter, Austria, 1:44.09; 10. Cory Mullen, Canada, 1:44.53.

11. (tie) Gunther Mader, Austria, and Bernl Huber, Germany, 1:44.56; 13. (tie) Marc Girardelli, Luxembourg, and Xavier Gigandet, Switzerland, 1:44.78; 15. Roman Torn, Canada, 1:44.86; 16. Martin Fiala, Germany, 1:44.92; 17. Marius Wasmeier, Germany, 1:44.97; 18. Rasle Crist, U.S., 1:45.09; 19. Paul Accola, Switzerland, 1:45.22; 20. Ed Podivinsky, Canada, 1:45.52.

CHESS

By Robert Byrne

WITH Wilhelm Steinitz, the strongest player in the world from 1866 to 1894, it was an eccentricity born of defiance to indulge occasionally in the gambit named after him: 1 e4 e5 2 f4 ef 3 d4 Qh4 4 Ke2. Overall, he payed dearly for it. The amazing thing is that he actually won some of these games.

Still, there are isolated cases where, even with the black pieces, you can afford to let your king be disturbed in the opening. One such is a heavily analyzed, heavily played line of the Pirc Defense: 1 e4 d6 2 d4 Nf6 3 Nc3 g6 4 f4 Bg7 5 Nf3 c5 6 Bb5 Bd7 7 e5 Ng4 8 e6 Bb5 9 ef Kd7!? This is a favorite of a contemporary Steinitzian, Yasser Seirawan, a 30-year-old Seattle grandmaster.

And now Seirawan, in the fourth game of his victorious Katholieke Radio Omroep exhibition match with Jan Timman, the leading Dutch grandmaster, in Hilversum, The Netherlands, on Dec. 18, found a new way of winning by letting his king be forced out of its bunker early.

The Advance Variation against the Caro-Kahn Defense, 3 e5, used to be thought dubious because after 3...Bf5, followed soon by ...c5, Black would have a French Defense improved because his QB is not hemmed in by his pawns. However, in the last few years, Timman, Nigel Short and John Nunn have uncovered clever tactical possibilities to upset Black's strategy.

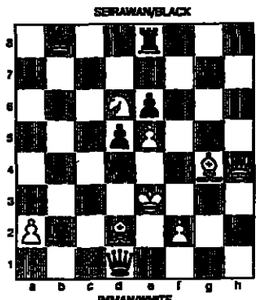
In the second game, Seirawan had used the routine 7...h6, but Timman went on to win after 8 Be3 Qb6 9 f4 Nc6 10 f5 Bh7 11 Qd2 O-O-O 12 O-O-O. This time the American played 7...h5!?, which allowed the smash-up of his kingside with 8 Nf4 Nc6 9 Ng6 fg, so that, after 10 Qd3, he could overthrow the white center with 10...cd. He did not mind leaving his king in the center after 11 Nb5 hg 12 Qg6 Kd7 because his solid pawns there had become his strength.

Seirawan was in no hurry to pick up the weak white e5 pawn but sped his development with 15...Nh6! On some such retreat as 16 Qe2, Black would have had a powerful position with 16...Nf5.

Accordingly, Timman eliminated one of the powerful knights with 16 Bh6, but that let Seirawan go marauding on the queen's wing with 16...Qb2. Timman could have saved his rook with 17 Rc1 but after 17...Rh6, his c1 rook would have been attacked, his e5 pawn would soon have been lost and Seirawan would soon have been ready for ...Rc8 or ...Bb4. Thus, the Dutchman gave up rook for bishop with 17 Bd2 Qa1 18 Ke2 in the hope of obtaining some initiative.

His plan almost worked, but after 22...Ba3!, he could not succeed with 23 Qg7 because of 23...Rh7 24 Qg4 (24 Qf6 Nd4 25 Ke1 Rc7! creates the decisive threat of 26...Rc3) Bb2 25 Rb2 Qb2, which will win without too much trouble for Black.

Seirawan began the closing attack with 25...Nd4. On 26 Kf1, there could have followed 26...Rh4! 27 Qh4 Qd1 28 Kg2 Qf3 29 Kg1 Rf8 30 Be3 Ne2 31 Kf1 Ng3



Position after 28 Bg4

32 Kg1 Qh1mate. So Timman desperately tried 26 Ke3, but after 26...Rh4! 27 Qh4 Qd1 28 Bg4, Seirawan added the finishing touches with 28...Nc2! 29 Kd3 Ne1, the point being that 30 Ke3 Ng2 31 Kd3 Qb1 wins the white queen. Timman gave up.

CARO-KANN DEFENSE

White Timman	Black Seirawan	White Timman	Black Seirawan
1 e4	c6	16 Bh6	Qb2
2 d4	d5	17 Bd2	Qa1
3 e5	Bf5	18 Ke2	Qb2
4 Nc3	e6	19 Bb3	Ke8
5 g4	Bg6	20 Rb1	Qc2
6 Nge2	Qa5	21 Rb7	Kc8
7 h4	h5	22 Rb1	Ba3
8 Nf4	Nc6	23 Rd1	Bb2
9 Ng6	fg	24 Nb5	Kb8
10 Qd3	c5	25 Nd6	Nd4
11 Nb5	dg	26 Ke3	Rh4
12 Qg6	Kd7	27 Qh4	Qd1
13 Qg4	Qb6	28 Bg4	Nc2
14 c3	dc	29 Kd3	Ne1
15 Nc3	Nb6	30 Resigns	

BOOKS

THE VOICE OF AMERICA: Propaganda and Democracy, 1941-1945

By Holly Cowan Shulman. 282 pages. $37.50 hard cover; $12.95 paperback.

University of Wisconsin Press, 114 N. Murray Street, Madison, Wis. 53715.

Reviewed by Herbert Mitgang

WHO speaks for the United States in a time of war? Is it the president, as constitutional commander in chief of the armed forces? Or the secretary of state, charged with the conduct of foreign affairs? Or the Congress, with its power to declare war and to raise and support armies? Or is it an independent agency that hovers somewhere between the executive and legislative branches?

What balance should there be between information, disinformation and propaganda — that is, between truth and lies — in the interests of military secrecy and success? And what effect will all of this have on allies in the aftermath of war, especially when those allies have different interests?

These questions were the subject of dispute in Washington and overseas all through World War II. The questions were never fully resolved; they still resound from battlefields. While reading "The Voice of America," by Holly Cowan Shulman, an original study of propaganda and democracy between 1941 and 1945, inevitably the mind seeks parallels to the war in the Persian Gulf.

All through World War II, the Voice of America broadcast to Europe 24 hours a day from a building on West 57th Street in Manhattan. The author points out that propaganda had been skillfully used by the Third Reich to confuse and soften its prospective enemies before marching in, often against little armed resistance. International radio propaganda developed in Europe and Asia during the 1930s; when Germany invaded Poland in 1939, every major power except the United States had its own broadcasting service.

The Voice of America, begun in 1942, became a permanent instrument of international politics. The book is particularly strong on how the French desk functioned and availed itself of authors and journalists who had taken refuge in the United States.

At first, many Americans feared propaganda and rejected it as an instrument of foreign policy. Once at war, Roosevelt and his aides decided that the army needed to mobilize for propaganda warfare.

The author's study is valuable but limited. She writes that the history of the wartime Voice of America and the Office of War Information cannot "justify the present-day propaganda." On the other side, she says, "to engage in propaganda — to broadcast to the world over the Voice of America," has become "a necessity of contemporary global politics."

Apart from this ambiguity, her history offers original material for government and journalistic decision makers to ponder about delivering the truth in a time of war.

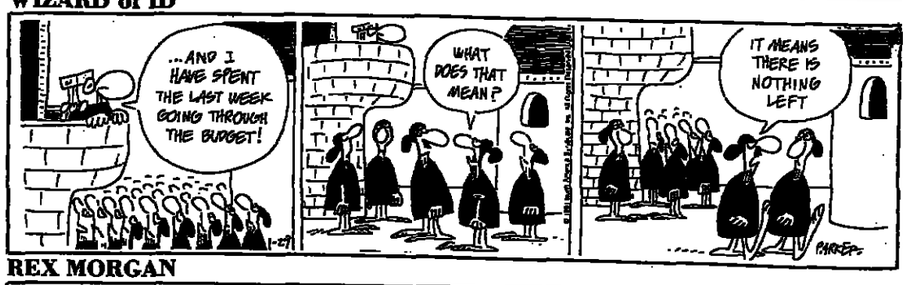
Herbert Mitgang is on the staff of The New York Times.

PEANUTS

BEETLE BAILEY

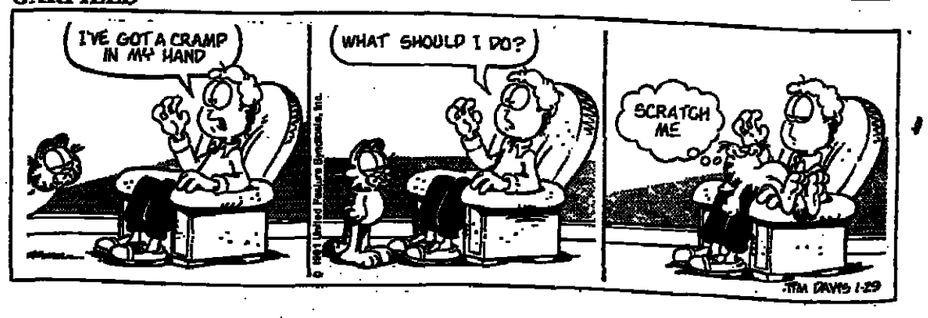
ANDY CAPP

WIZARD of ID



REX MORGAN

GARFIELD



DOONESBURY

DENNIS THE MENACE

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

DIADE
SABUQ
HIRAGS
PINGAY

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: A "_____"

(Answers tomorrow)

Yesterday's Jumbles: WAFER FLUKE OUTWIT NORMAL
Answer: After their party won the election, many politicians were hoping for jobs - - - - FEW FOR WORK

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Hostetler Is Hot, No Huddle Is Not as Giants Win Super Bowl

The Scoring and Statistics

Buffalo	3	9	0	7—19
N.Y. Giants	3	7	7	3—20

First Quarter

Giants 3, Bills 0 — FG, Bahr, 28, at 7 minutes, 46 seconds. 58 yards in 11 plays on Giants' first possession. Key plays: Hostetler's passes of 13 yards to Cross and, on third-and-7, 16 yards to Ingram plus Meggett's 18-yard run.

Giants 3, Bills 3 — FG, Norwood, 22, at 9:09, 66 yards in 6 plays. Key play: Kelly's 61-yard pass to Lofton.

Second Quarter

Bills 10, Giants 3 — Don Smith, 1, run (Norwood, kick) at 2:30. 80 yards in 12 plays. Key plays: Kelly's passes of 11 and 30 yards to Reed and 13 to Thomas plus roughing-the-passer penalty against Marshall.

Bills 12, Giants 3 — Safety, as Bruce Smith tackled Hostetler in end zone at 6:33.

Bills 12, Giants 10 — Baker, 14, pass from Hostetler (Bahr, kick) at 14:25. 87 yards in 10 plays. Key plays: runs of 18 yards by Anderson and 17 by Meggett, Hostetler's passes of 22 yards to Ingram and, on third-and-7, 7 yards to Cross.

Third Quarter

Giants 17, Bills 12 — Anderson, 1, run (Bahr, kick) at 9:29. 75 yards in 14 plays with second-half kickoff. Key plays: Hostetler's 11-yard pass to Meggett on third-and-8, Anderson's 24-yard run on third-and-1, Hostetler's 14-yard pass to Ingram on third-and-13 and Hostetler's 9-yard pass to Cross on third-and-4.

Fourth Quarter

Bills 19, Giants 17 — Thomas, 31, run (Norwood, kick) at 8:08. 63 yards in 4 plays. Key play: Kelly's 19-yard pass to Davis.

Giants 20, Bills 19 — FG, Bahr, 21, at 7:40. 74 yards in 14 plays. Key plays: Hostetler's passes of 17 yards to Bavaro on third-and-7, 19 yards to Bavaro and 13 to Ingram plus Meggett's 4-yard run on third-and-5.

	Buf	N.Y.
First downs	18	24
Rushes-yards	25-146	39-172
Passing	285	214
Return yards	0	37
Comp-att-int	18-30-0	20-32-0
Sacked-yards lost	1-7	2-8
Punts	4-39	4-44
Fumbles-lost	1-0	0-0
Penalties-yards	6-35	5-31
Time of possession	19:27	40:33

INDIVIDUAL STATISTICS

RUSHING—Buffalo, Thomas 15-135, Kelly 6-21, K.Davis 2-4, Mueller 1-3, D.Smith 1-1. New York, Anderson 21-102, Meggett 9-48, Carthon 3-12, Hostetler 6-10.

PASSING—Buffalo, Kelly 18-30-0-212. New York, Hostetler 20-32-0-222.

RECEIVING—Buffalo, Reed 8-62, Thomas 5-55, K.Davis 2-22, McKeller 2-71, Lofton 1-61. New York, Ingram 5-74, Bavaro 5-59, Cross 4-39, Baker 2-71, Meggett 2-18, Anderson 1-7, Carthon 1-2.

The Super Bowl's MVPs

1991—Ottis Anderson, RB, N.Y. Giants; 1990—Joe Montana, QB, San Francisco; 1989—Jerry Rice, WR, San Francisco; 1988—Doug Williams, QB, Washington; 1987—Phil Simms, QB, N.Y. Giants; 1986—Richard Dent, DE, Chicago; 1985—Montana, San Francisco; 1984—Marcus Allen, RB, L.A. Raiders; 1983—John Riggins, RB, Washington; 1982—Montana, San Francisco; 1981—Jim Plunkett, QB, Oakland; 1980—Terry Bradshaw, QB, Pittsburgh; 1979—Bradshaw, Pittsburgh; 1978—Randy White, DT, and Harvey Martin, DE, Dallas; 1977—Fred Biletnikoff, WR, Oakland; 1976—Lynn Swann, WR, Pittsburgh; 1975—Franco Harris, RB, Pittsburgh; 1974—Larry Csonka, RB, Miami; 1973—Jake Scott, S, Miami; 1972—Roger Staubach, QB, Dallas; 1971—Chuck Howley, LB, Dallas;

1970—Len Dawson, QB, Kansas City; 1969—Joe Namath, QB, N.Y. Jets; 1968—Bart Starr, QB, Green Bay; 1967—Starr, Green Bay.

Super Bowl Champions

1991—N.Y. Giants (NFC) 20, Buffalo (AFC) 19; 1990—San Francisco (NFC) 55, Denver (AFC) 10; 1989—San Francisco (NFC) 20, Cincinnati (AFC) 16; 1988—Washington (NFC) 42, Denver (AFC) 10; 1987—N.Y. Giants (NFC) 39, Denver (AFC) 20; 1986—Chicago (NFC) 46, New England (AFC) 10; 1985—San Francisco (NFC) 38, Miami (AFC) 16; 1984—L.A. Raiders (AFC) 38, Washington (NFC) 9; 1983—Washington (NFC) 27, Miami (AFC) 17; 1982—San Francisco (NFC) 26, Cincinnati (AFC) 21; 1981—Oakland (AFC) 27, Philadelphia (NFC) 10; 1980—Pittsburgh (AFC) 31, Los Angeles (NFC) 19; 1979—Pittsburgh (AFC) 35, Dallas (NFC) 31; 1978—Dallas (NFC) 27, Denver (AFC) 10; 1977—Oakland (AFC) 32, Minnesota (NFC) 14; 1976—Pittsburgh (AFC) 21, Dallas (NFC) 17; 1975—Pittsburgh (AFC) 16, Minnesota (NFC) 6; 1974—Miami (AFC) 24, Minnesota (NFC) 7; 1973—Miami (AFC) 14, Washington (NFC) 7; 1972—Dallas (NFC) 24, Miami (AFC) 3; 1971—Baltimore (AFC) 16, Dallas (NFC) 13; 1970—Kansas City (AFL) 23, Minnesota (NFL) 7; 1969—N.Y. Jets (AFL) 16, Baltimore (NFL) 7; 1968—Green Bay (NFL) 33, Oakland (AFL) 14; 1967—Green Bay (NFL) 35, Kansas City (AFL) 10.

The Super Bowl Road

First Round

AFC

- MIAMI DOLPHINS 17, KANSAS CITY CHIEFS 16
- CINCINNATI BENGALS 41, HOUSTON OILERS 14

NFC

- WASHINGTON REDSKINS 20, PHILADELPHIA EAGLES 6
- CHICAGO BEARS 16, NEW ORLEANS SAINTS 6

Second Round

AFC

- BUFFALO BILLS 44, MIAMI DOLPHINS 34
- LOS ANGELES RAIDERS 20, CINCINNATI BENGALS 10

NFC

- SAN FRANCISCO 49ERS 28, WASHINGTON REDSKINS 10
- NEW YORK GIANTS 31, CHICAGO BEARS 3

Conference Title Games

AFC

- BUFFALO BILLS 51, LOS ANGELES RAIDERS 3

NFC

- NEW YORK GIANTS 15, SAN FRANCISCO 49ERS 13

Super Bowl XXV

- NEW YORK GIANTS 20, BUFFALO BILLS 19

Parcells Stays Put

New York Times Service

TAMPA, Florida — Bill Parcells has defused published reports that he might leave the New York Giants, possibly to join Tampa Bay.

"The last time we won one of these," Parcells said Sunday night, "there was a little controversy about me and it didn't allow my owners and general manager to enjoy this very much. They're going to enjoy this one, I promise you."

Doug Mills/The Associated Press

Ottis Anderson, the most valuable player of the game, ended a 14-play, 75-yard drive by scoring from the one to put the Giants ahead. The drive took almost 10 minutes.

Bills Lose Closest Title Game As 47-Yard Kick Sails Wide

By Richard Justice
Washington Post Service

TAMPA, Florida — A strange, tense week, a week dominated by worries of terrorism and the Gulf war, ended in the closest Super Bowl ever played, with the New York Giants defeating the Buffalo Bills, 20-19.

New York's Matt Bahr kicked a 21-yard field goal with 7:20 to play for the final points, but the Giants won with a couple of big-time defensive stands. The last ended with Scott Norwood's attempted 47-yard field goal kick for Buffalo sailing to the right of the goal post with four seconds left before 73,813 Sunday night at Tampa Stadium.

As the ball fell to earth, the Giants sprinted onto the field to celebrate their second title in five seasons, the National Conference's seventh straight Super Bowl mastery of the American Conference.

"It's sweet, really sweet," linebacker Lawrence Taylor said. "Our first one was great, but this one is better. We sailed through the first one. This one was tough. We beat the Bears. We won at San Francisco. This was another one. We showed a lot of class and a lot of guts."

Thus ended Super Bowl XXV, the closest and most even ever played. Thus also ended a week dominated by other matters, a game played after fans had been searched for explosives and brushed with hand-held metal detectors.

SWAT teams patrolled the press box roof and an armed military helicopter circled the stadium area during the game. When the stadium emptied, dozens of security people swept the stadium one final time.

But the game itself was played without incident and at a high, efficient level. It was a game of contrasts, with the NFL's highest-scoring offense, Buffalo's, matched against the best defense, New York's.

The Giants, who got here by dethroning the San Francisco 49ers on a last-play field goal by Bahr a week ago, hoped to win by methodically grinding out yards and keeping Jim Kelly off the field. They did that, controlling the ball a Super Bowl-record 40 minutes, 33 seconds against the team that won the AFC title in a 51-3 romp over the Los Angeles Raiders.

The Giants' formula was not a typical one, not with 33-year-old Ottis Anderson being named most valuable player after rushing for 102 yards on 21 carries.

Not with a quarterback named Jeff Hostetler, who got his chance to play when Phil Simms was hurt in the 14th game of the season, when the Bills won, 17-13. Not with a team that relies on the old-fashioned virtues, straight-ahead blocking schemes and a game plan built around defensive control.

To win his award, Anderson edged Hostetler, who came here as the least heralded of Super Bowl quarterbacks and played a cool, steady game, completing 20 of 32 passes for 222 yards and a touchdown. Those numbers were just a little better than those of the Bills' vaunted Kelly.

Hostetler, Anderson and their big, quick offensive line did their job so well that the Bills' no-huddle offense had only a few chances. The Bills still got 371 yards, a remarkable total considering they had the ball for just 19½ minutes.

They averaged 6.6 yards per snap, but didn't get enough snaps thanks to Anderson and the running game.

"It's easy with the way these guys blocked," Anderson said. "I give them credit. We know we can control the clock. They hurt us at first, but we wanted to pound here and there and see what we could get done. We found some holes in them."

Hostetler took a terrible pounding the first half. He got up slowly three times, once after tripping over Anderson and being sacked by Bruce Smith for a safety that gave the Bills a 12-3 lead.

But the Giants offset the Bills' quickness on defense by running traps and draws and by having Hostetler buy time with rollouts.

The Giants countered the Bills' no-huddle offense with two defensive linemen and six defensive backs. They sacrificed pressure on Kelly, which usually wasn't there, for pass coverage, which usually was.

The game was tied, 3-3, after a quarter. The Bills led, 12-10, at the half but the Giants went up, 17-12, after three quarters, the result of starting the second half with a 14-play, 75-yard drive that ate up 9½ minutes and ended with Anderson scoring from a yard out.

The Bills took a 19-17 lead when Thurman Thomas ran 31 yards on the first play of the fourth quarter.

That's how close it was, and the Giants drove 74 yards in 14 plays, consuming 7½ minutes, on the first possession of the fourth quarter. Still, the Bills had a final chance, getting the ball at their 10 with 2:16 to play.

Kelly, who was 18 of 30 passing for 212 yards, got the Bills down the field in seven plays. On first down, at the New York 46, he hit Keith McKeller for five with 29 seconds left. On second down, Thomas gained 11 to the 30, and Kelly grounded the ball with eight seconds left.

Norwood trotted on, and after a New York timeout, missed.

"I'm disappointed I let people down," Norwood said. "There's not much more to say. I tried to hit a strong ball. My kicks always fade that way. I probably tried to kick it too strongly. Maybe I should have emphasized something else. You don't get second chances in a game like this."

The Bills' coach, Marv Levy, said his team got a final shot at victory and that was all he could ask for.

"The game wasn't over," he said. "We had our chances. I told our players on the sideline we could still pull it out. The Giants showed a very good mix of running and passing and they used it to good effect. It's tough to beat a team with that kind of running game and a very good defense. We came close, but not close enough."

The High-Powered Bills Simply Missed the Point

By Thomas George
New York Times Service

TAMPA, Florida — In the silver anniversary of the Super Bowl, there was no silver lining and no solace for the Buffalo Bills in their one-point loss.

Their hurry-up, no-huddle offense had scored so many points so easily in the playoffs en route to Tampa Stadium on Sunday night that it made this 20-19 loss to the New York Giants especially hard to accept.

"One point," muttered defensive end Bruce Smith. "One field goal."

"There is no way we should have had Scotty in that position in the first place," quarterback Jim Kelly said of Scott Norwood's 47-yard field-goal attempt that drifted wide right with four seconds left.

"We made some mistakes, we missed some plays, but we still should have scored more points."

Fifty-one points against the Raiders. Forty-four against Miami.

That is what Buffalo had scored in the playoffs. But against the Giants' rough-and-tumble defense, the Bills actually improved their scoring output from their Dec. 15 meeting in Giants Stadium, where they had won by the score of 17-13.

The Giants' philosophy in this game was to make sure the Bills had to make the most out of little.

The Giants wanted the football on offense and wanted to keep it, first and foremost. No ball, no huddle, no points for the Bills.

The scheme worked. The Giants' defense made sure.

Buffalo had the football for only 19:27 while the Giants dominated in possession time with 40:33. That led to the Giants running 73 plays compared with the Bills' 56.

And then when the Bills did have the ball, they rushed into their no-huddle offense on each possession.

Too often when the no-huddle did not work, the drain on the Bills' defense was both mental and physical. And obvious.

"There was no way our defense could stay in there with the Giants after those 11- and 12-play drives they kept coming with back to back," said linebacker Cornelius Bennett. "You have to expect a defense to wear down, and we did."

■ Giants' Defense Adjusts

Gerald Eskenazi of The New York Times reported:

With the Giants holding a one-point lead near the end of the game, the question became: Would their defense bend against the powerful Bills' offense — the one that was sending to the Pro Bowl four players now staring at them on the other side of the line?

"We were trying to stay fresh," Bill Belichick, the Giants' defensive coordinator, said later.

"The way they keep moving people around with that no-huddle offense, it gets you tired."

During the week, Belichick had devised two-man and three-man rushing schemes against Kelly, with six defensive backs.

The plays worked on the practice field. But in December the Giants had trouble with Kelly, trouble with Thurman Thomas, trouble with Andre Reed and James Lofton.

"Great players have moves that are tough to stop," said Belichick. "When you see them the first time, they get you. The second time, it's a different story."

This was the plan: Dave Duerson, the 30-year-old safety, was to come in at linebacker for Pepper Johnson. With his speed, Duerson was to mirror the elusive Thomas. Where he moved, Duerson moved.

The defensive backs went into a zone against Lofton, the gifted and experienced star, and the other wide receiver, Reed.

"We weren't worried about Reed over the middle any more," said linebacker Carl Banks. "In the second half, he was more conscious of us. We had taken care of him."

He had been blasted repeatedly whenever he caught the ball.

"If someone was going to go over the middle against us," said linebacker Gary Reasons, "he would pay for it."

So the Giants' secondary could lay back and prevent what essentially was the Bills' last, best threat: the deep pass. In the second half, Reed caught only one ball after snaring seven in the first half.

The Bills' began their final drive with Kelly dashing up the middle for eight yards. "We couldn't account for him completely, because we were in the zone and not rushing a lot of people," said Belichick.

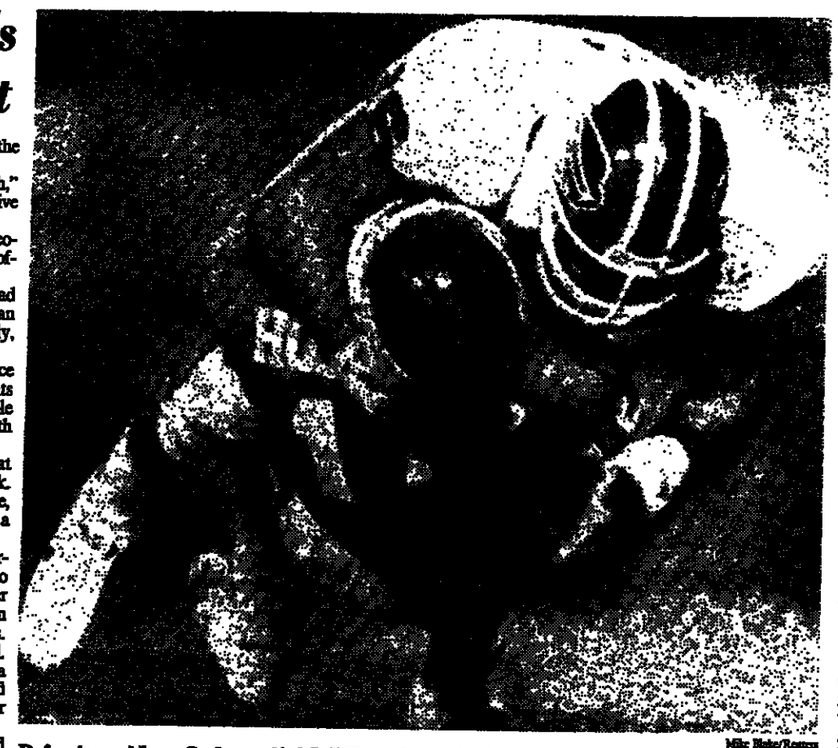
Kelly ran again for a yard, then Thomas dashed down the left side for 22 yards. Reed caught his only pass of the half next: four yards.

Kelly ran again for nine yards, and the Bills used their last timeout at the Giants' 46.

Kelly connected with Keith McKeller for a six-yard gain, and Thomas rushed another 11 yards, bringing the ball to the Giants' 29.

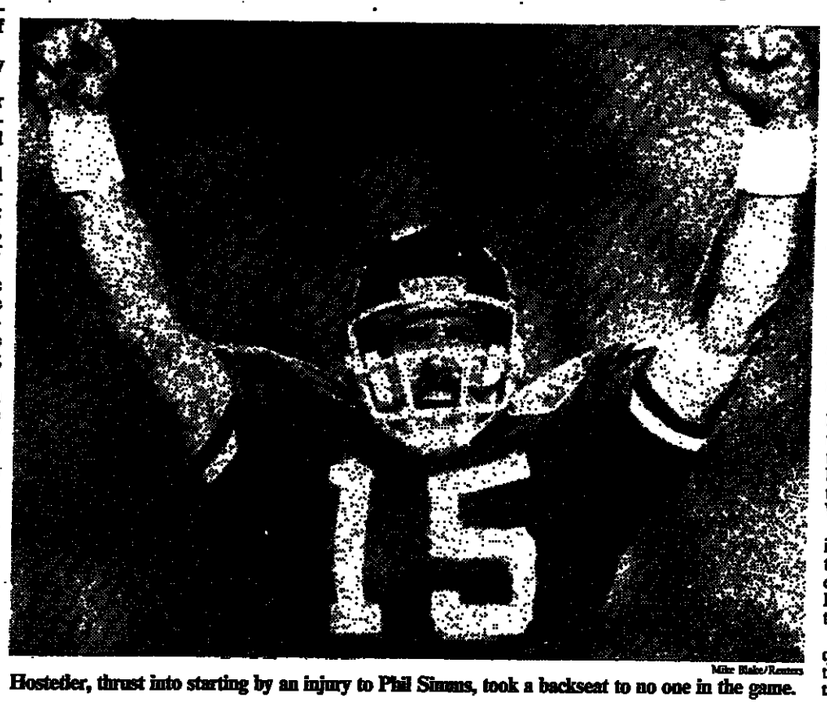
But there were only eight seconds left when Kelly downed the ball to stop the clock. Norwood's 47-yard kick game went wide.

The Giants' defense had done what it could. But it was enough.



Mike Blake/Reuters

Defensive end Leon Seals engulfed Jeff Hostetler on this first-half sack of the Giants' quarterback.



Mike Blake/Reuters

Hostetler, thrust into starting by an injury to Phil Simms, took a backseat to no one in the game.

Red Grange Is Dead at 87

Compiled by Our Staff From Dispatches

LAKE WALES, Florida — Red Grange, the "Galloping Ghost" who won fame as a running back at the University of Illinois and later in professional football, died Monday at a local hospital. He was 87.

Grange died of complications from pneumonia, said his wife of 49 years, Margaret Grange. He had been in the hospital since July.

Grange was a 20-year-old sophomore at Illinois when he soared to fame in 1923, scoring 12 touchdowns and rushing 1,260 yards.

No. 77 became the most famous number in the country and the nicknames "Galloping Ghost" and "Wheaton Iceman" were household terms. He earned the latter by carrying 200-pound (90-kilogram) blocks of ice in working his way through college.

He played at Illinois through the 1925 season and went on to help establish the National Football League's credibility during a career with the Chicago Bears.

"Yes, I think I brought some attention to the game," he once modestly conceded.

He was one of 17 charter members of the NFL's Hall of Fame and in 1950 was elected to the All-Time All-America team with the largest number of votes received by any football great. He spent 13 years as a player, coach and promoter of pro football.

Grantland Rice, the legendary sportswriter, wrote of Grange: "A streak of fire, a breath of flame, eluding all who reach the clutch. A gray ghost thrown into the game that rivals' hands may never touch."

(UPI, AP)

In the Saudi Desert, War Takes a Break

United Press International

EASTERN SAUDI ARABIA — U.S. soldiers taking part in Operation Desert Storm took a break to listen or watch the Super Bowl.

"This may sound corny, but you couldn't make it better," said Corporal Pierre Thibodeaux, 25, of San Antonio, Texas, as he huddled with 60 other soldiers in the chilly early morning air watching the game on television sets at their military base.

"The guys up at the front," he said, are "probably sitting in foxholes with PRC-77 radios keeping in contact with someone with an AM-FM radio."

The game was aired after 2:30 A.M. local time by the Armed Forces Radio and Television Services.

Corporal Thibodeaux and the others at their base wrapped themselves in sleeping bags, stamped their feet and rubbed their hands to keep warm, ate popcorn and drank sodas.

"I enjoyed the anthem a lot more than normal," said Sergeant Kevin Duclos, 26, of Rochester, New York. "You take a lot of things for granted at home. It makes you appreciate things more when you finally do get home.

"It feels weird to be watching here," he said. "I thought I'd be home having chicken wings and real beer and enjoying it in the warmth."

Many had thought that Iraq would use the Super Bowl as an opportunity to fire another Scud missile in their direction, but the game was completed without alarms being sounded.

"We're probably bombing the hell out of him right now, so I'm not too worried about it," said Specialist Glenn Forbes, 35, of Montgomery, Alabama. "We're ruining his Super Bowl, too."

Hostetler: Backup Who Didn't Back Down

By Malcolm Moran
New York Times Service

TAMPA, Florida — Inside the dressing room of the Super Bowl champions, Jeff Hostetler of the New York Giants was listening to a chorus that a championship quarterback had not heard in a long time, if ever.

"Hostetler, you're just a backup," David Meggett yelled.

"You can't win," Mark Collins shouted.

"Hey, Hoss," Maurice Carthon screamed. "No backup quarterback ever won a Super Bowl."

Not long before, when Scott Norwood's 47-yard field goal attempt sailed wide of the right upright and Hostetler's teammates jumped into the air and raced onto the field with four seconds to play, the quarterback stayed on one knee with his head bowed.

Even before the outcome of a championship was determined, Hostetler was savoring the experience of competing in a Super Bowl after a career of frustration.

"What more can you expect from a football game?" he said.

"Seventy-something thousand people screaming. A close score. Two really good football teams. You've got practically the whole world watching. What more, as far as football, can you ask for?"

Hostetler said he had a splitting headache. He also said he felt just fine. "Yeah, this is worth the wait," he said.

More than a year ago, for Christmas 1989, Norm and Dolly Hostetler had received a photograph from the fifth of their seven children.

The picture showed their son Jeff under severe pressure from several members of the Phoenix Cardinals. Jeff was falling backward, trying to make the best of a difficult situation.

The inscription said, "You think you've got things tough."

Sunday afternoon, as the parents prepared to watch their son play in a Super Bowl, not long after he had stopped by to give his mother one last hug, Dolly Hostetler remembered the message she had taken from his gift. "You don't always stand straight and tall," she said. "Sometimes, you have to get back up."

Their son's outlook explains his ability to endure years of frustration as a seldom-used backup with the Giants for the first 6½ of his seven seasons.

And the perspective he gained growing up on their farm helped him respond to the opportunity created for him by Phil Simms's foot injury in December.

So even when he was hit hard by Buffalo defenders, Hostetler responded with a confidence that could never really have been expected from a quarterback who became a regular part of the Giants' offense only six weeks ago.

"I felt more confidence than any game I've ever played in," he said. "I felt confident with what I was trying to do. I was really excited to be in a Super Bowl, playing. I didn't have any nerves.

"The week went so fast that I could keep my mind on things that needed to get done," he said. "That was one good thing about having one week."

For only the third time in the 25-game Super Bowl series, the teams had just one week, rather than two, to prepare.

With all the logistical problems that had to be solved in the week, there was little time for anyone in the family to sit back and consider all he had achieved in such a short period of time.

"I'm sure he has not even allowed himself to think about these last three games," said Doug Hostetler, Jeff's older brother, who wore No. 15 as a Penn State quarterback and suffered an injury that cost him a chance to start. Which is why Jeff Hostetler wore No. 15 in a Super Bowl game, as he has for seven seasons.

During the week, Norm and Dolly Hostetler saw a son who appeared unruffled by everything that was going on around him, and they were not surprised. "I believe that comes from being from a large family," his mother said.

"Both Mom and Dad have been an example to all of us," Doug said. "Numerous times, growing up, there were obstacles. Like the barn burning down. A barn collapsing, a devastating loss. Mom having major surgery."

After a championship had been secured, a reporter asked Hostetler if he felt he had lived a storybook ending. "It's only the beginning," he said.

"I can't take this another year," his mother said through her tears.

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ART BUCHWALD

The Couch-Potato War

WASHINGTON — At the beginning of the Gulf war we all sat quietly on our couches and left the fighting to the network anchormen. We also deferred to the wisdom of the retired military experts hired to guide us through the mine fields.

But as the days and nights wore on, Americans became battle-savvy and, as with football fans, they all started developing their own opinions as to how the game should be fought. Suddenly, the generals' strategy was being questioned by the man in the street, and there were rumblings that those giving the briefings did not know what they were talking about.

Buchwald

I first sensed skepticism when my taxi driver said, "You know what we ought to be doing. We should find Hussein's bunker and drop a 1,000-pound delayed bomb loaded with TNT down his chimney. It has 30 seconds to go off, and if Hussein doesn't give up Kuwait, we will drive a stake through his heart."

"That's a good idea," I told him.

"Then how come Tom Brokaw never thought of it?"

"He's been dealing with the Scud missile problem, and he can't think of everything."

"If you solve the Hussein question, you don't have a Scud problem."

"You sound as if you know a lot about the military situation. Were you in the service?" I asked.

"No, but my brother was a truck driver in Korea."

□

When I reached the office, I found Bob Goodier studying a map of Kuwait at The Washington Post. "This is where we make our next move," he yelled, bringing his thumb down on a spot in the desert.

"Have you checked it with Dan Rather?"

"What he doesn't know won't hurt him," Bob chuckled.

"But you can't call for a military operation without having at least two of the four networks approving."

Goodier said, "This is no longer an anchorman's war. It's a couch potato's war and we call the shots."

"You really want to open up the front in Kuwait now?"

"What if Eisenhower had hesitated to invade on D-Day?" he asked.

"He had no choice. George Will wasn't there to tell him what to do. Look, there's a danger in letting the couch potatoes run the war."

"Then why do they allow us to watch it on the tube? We cannot be expected to sit there and just suck our thumbs when there is so much bombing to be done."

"All America wants is for us to be a well-informed public. We can't call the shots as well."

□

"It doesn't take a couch potato long to know how to shoot down an Iraqi fighter plane."

"Goodier, you have to leave the fighting to Peter Jennings."

"It's like watching football and not being able to tell the coach how to run the team."

"What do you think we should do?"

"I think we should drive a stake into Hussein's heart."

"That's strange."

"What's strange?"

"You're the second person who suggested that today."

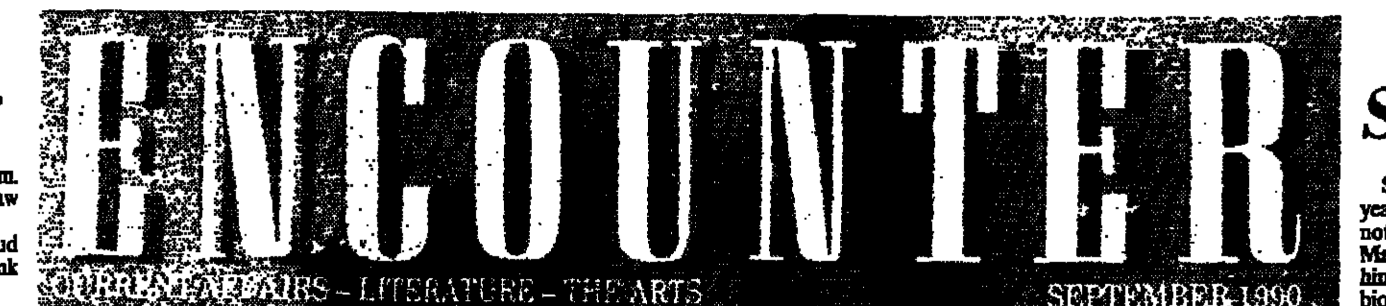
Police Recover Lafayette Objects

Agence France-Presse

LE-PUY-EN-VELAY, France — French police have recovered 18th century objects that were stolen five years ago from the family home of the Marquis of Lafayette in central France.

The items, which included a ring containing strands of hair believed to have belonged to George Washington and his wife, were found Sunday hidden in a homemade candle by police who searched the home of a suspected drug trafficker. The haul also included a lock of Lafayette's own hair, a medallion decorated with Benjamin Franklin's hair, a golden pencil stand, a cameo broach and two guns belonging to Lafayette, police said.

The objects were stolen Aug. 5, 1985, from the château of Chavaniac-Lafayette, where Lafayette was born in 1757 and which is now run by the U.S. Lafayette Memorial.



Reuters

Publication of Encounter magazine has been suspended because it can no longer pay printing bills.

Requiem for a Cold War Journal

International Herald Tribune

LONDON — Encounter, the London-based monthly cultural magazine which was founded the year Stalin died, has come

MARY BLUME

to an end. Its last issue, for November, never left the printer because the bills could not be paid and last week it announced suspension of publication.

Suspension is a legal term but it also suggests a hope for resurrection that is basic to every moribund magazine's theology. "We've died but we haven't been buried yet and there may be a kiss of life at the very last moment," the editor, Melvin J. Lasky, said by telephone from Berlin where he is teaching at the Free University and working on two books. "I don't really believe in it but rigor mortis hasn't set in."

Along with its defunct sister magazines Der Monat in Germany and Preuve in France, Encounter was founded by the Congress of Cultural Freedom to combat communism on the intellectual battlefront. "It was anti-communist and democratic in the name of liberal human virtues, not in the name of eat a big bad Bolshevik for breakfast every morning," Lasky said.

In addition to political articles, Encounter discomfited the middle classes with Nancy Mitford's study of "U and Non-U," debated the morality of "Lady Chatterley's Lover" and published such writers as Saul Bellow, Anthony Burgess, Albert Camus, Günter Grass, Milovan Djilas, Vaclav Havel and Kingsley Amis.

It won the most attention, however, not with its contents but from the revelation in 1967 that its financial backing came, via the Congress for Cultural Freedom, from the CIA. Lasky maintained that he knew nothing of the CIA's involvement and that the agency had never threatened the magazine's independence or made its backing known in any way. The poet and co-editor Stephen Spender resigned in protest against the CIA affiliation.

"It was a scandal, whatever a scandal means," Lasky says. "Spender's a prissy fellow but an influential one in literary circles and of course he knew as much about it, or as little about it, as I did."

> **Encounter, founded in London the year that Stalin died, 'was anti-communist and democratic in the name of liberal human virtues, not in the name of eat a big bad Bolshevik for breakfast every morning.'**
>
> **Melvin J. Lasky, editor of Encounter**

Despite the uproar, Encounter reached its peak circulation of 25,000 copies in the mid-1970s. Half its expenses were met by subsidies, grants and donations and it paid its contributors badly until recent times when it failed to pay them at all.

While most of Encounter's readership was in Britain and North America, it was read in 97 countries and its independence, Lasky says, was especially envied by his friends in Eastern Europe.

"I would tell them that capitalism is the worst system in the world under which to publish an intellectual magazine — except for the others. You have to deal with commissars who can put you in jail. All I have to deal with is a bank manager."

With the death of communism and the rise of the bank manager it might be thought that Encounter's demise would have been inevitable, but co-editor Anthony Hartley says there are still plenty of issues of intellectual freedom that it could have addressed. In Lasky's opinion only a major battle has been won:

"The Soviet situation is still very unstable. If Gorbachev falls, then all the options are open and they can open the Cold War again."

Born in New York in 1920, Lasky began his career at the leftist New Leader and became a foreign correspondent in Germany immediately after World War II. He founded Der Monat in 1948 and Encounter was created in 1953 after he argued for a similar magazine in English. Irving Kristol and Stephen Spender were its first editors and Lasky, who had been involved from the start, became editor in 1958.

He would seem to have followed the familiar itinerary from leftist to conservative but says he has not changed. "I remain roughly, except for one or two issues, where I was twenty or thirty or forty years ago. The others moved away from me." He is one of the last Cold Warriors.

A certain rigidity may have been one of Encounter's fatal problems, says Richard Mayne, a longtime co-editor and at the end a contributing editor. "I had the feeling in recent years that as the battle became less and less difficult to win we seemed to be putting more and more effort into it.

"Also, there was the age problem. When the magazine was founded it was essential reading and there were no competitors. Now there are more publications and television and simply too much to read. And while the general public has become better educated, the highbrows have become more lowbrow. The top of the market has come down and the bottom of the market has been going up toward a kind of middle level which Encounter didn't quite hit."

Lasky views Encounter as neither conservative nor liberal nor radical: "Just thoughtful," he says. He is, despite his teaching and writing, feeling at a loss right now.

"I've had so many letters and calls saying where is my Encounter. I didn't know, I didn't hear them breathing out there. You don't know what you mean in the lives of thousands of people.

"People even call long distance and say you don't know what you mean to me. I say I don't even know what I mean to me without Encounter."

PEOPLE

Spike Tackles Malcolm

Spike Lee, who complained last year that a white director should not be in charge of a film about **Malcolm X**, will direct the movie himself. Lee inherited "The Autobiography of Malcolm X" from the director **Norman Jewison**, who worked months on the project before throwing in the towel, The New York Times said. Jewison said he didn't know how to make it. Lee was quoted by The Times last year as saying he had "a big problem" with Jewison directing the film. "Blacks have to control these films," he said. A movie about the late black militant's life — he was assassinated in 1965 — has been kicking around for 20 years. Jewison took it over for Warner Bros. in May 1990, but finally said Malcolm X was "an enigma to me. I just haven't licked it." Lee's films include "Do the Right Thing," about an Italian-owned pizzeria that becomes the focal point of a riot in a black neighborhood.

□

Oliver Sacks, the Bronx Psychiatric Center neurologist whose book inspired the current movie "Awakenings," starring **Robin Williams** and **Robert De Niro**, has lost his job. Sacks, 57, is one of 1,200 doctors, nurses, therapists and other employees who will be laid off because of budget cuts at New York state mental hospitals. "Awakenings" describes Sacks's experiences with sleeping-sickness patients at a hospital in the Bronx in the late 1960s. He also wrote the best-selling "The Man Who Mistook His Wife for a Hat."

□

The Internal Revenue Service's auction of **Willie Nelson**'s recording studio, nine-hole golf course and hilltop cabin, held to help settle the country singer's tax debts, failed to draw a single bid. The minimum bid requirements were said to be too high.

□

The British film director **David Lean** has been taken ill and cannot continue work on "Nostromo," the story of an Italian adventurer, his French producer announced Monday in Paris. Lean, 83, best-known for "Lawrence of Arabia" and "Doctor Zhivago," was to begin shooting in Nice March 4. The producer, **Serge Silberman**, said Lean was in London undergoing medical checkups, but he declined to explain the nature of the illness. Work on the $44 million film has been suspended pending further developments. "Nostromo" stars **Dennis Quaid**, **Christopher Lambert**, **Isabella Rossellini** and **Klaus Maria Brandauer**.

□

Jesse Jackson is returning to Chicago from his new Washington base of operations to try to revive his financially ailing former organization, Operation PUSH. Last week PUSH, People United to Save Humanity, was forced to lay off its own humanity — all 14 salaried employees. The executive director, **Tyrone Crider**, said that fund-raising woes, compounded by the recession, were the main problems. "When America has a cold, black people get pneumonia," Crider said. Jackson is expected in Chicago Thursday to help restructure financial operations.

□

In Bentonville, Arkansas, the billionaire founder and chairman of Wal-Mart Stores, **Sam Walton**, says he has come to terms with his cancer, is feeling good and just wants to "enjoy the days we have left." Walton, 72, suffers from multiple myeloma, a blood disorder that results in softening of the bones. He said it was detected about a year ago during a hunting trip. He has since undergone chemotherapy treatment. Before, he said, he couldn't lift his arms, had trouble shooting a gun and had chronic pain in the ribs. Now he hunts quail and conducts business as usual. He has given up tennis, he said, but still flies his own plane. "I've never felt better before in my life," he said. "I am well enough to hassle the folks at the office." On last year's list of the 400 richest Americans, Forbes magazine estimated Walton's wealth at $2.5 billion, ranking him in 11th place.

□

Two dozen technicians worked in **Cher**'s $4 million home overlooking Santa Monica Bay to put together a two-hour video collection of songs for U.S. troops serving in the Gulf. The show will feature 22 videos by **Janet Jackson**, **Paul Simon**, **Bonnie Raitt**, **John Fogerty**, **Van Halen** and others. The two-hour show will be shown to the Gulf troops in February through the Armed Forces Radio and Television Service.

PERSONALS

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